KUMPULAN H & L HIGH-TECH BERHAD

(317805-V)

ANNUAL REPORT 2017

TABLE OF CONTENTS

ANNUAL REPORT 2017

Corporate Information

BOARD OF DIRECTORS

Tan Lye Huat
Group Executive Chairman and Managing Director

Tan Sook Yee
Executive Director

Chu Kan
Independent Non-Executive Director

Hau Hock Khun
Independent Non-Executive Director

Rita Tai Lai Ling
Independent Non-Executive Director

Chew Yock Fat
Independent Non-Executive Director

AUDIT COMMITTEE

Chew Yock Fat
Chairman/Independent Non-Executive Director

Chu Kan
Independent Non-Executive Director

Hau Hock Khun
Independent Non-Executive Director

Rita Tai Lai Ling
Independent Non-Executive Director

COMPANY SECRETARIES

Ng Bee Lian
Wong Wai Foong
Yap Sit Lee

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No 8, Jalan Kerinchi,
59200 Kuala Lumpur
Tel : (03) 2783 9191
Fax : (03) 2783 9111

WEBSITE & INVESTOR RELATIONS (IR)

IR: www.insage.com.my/ir/HIGHTEC
Website: www.hlhightech.com

PRINCIPAL PLACE OF BUSINESS

No.6, Jalan TSB 1
Taman Industri Sungai Buloh
47000 Sungai Buloh
Selangor D.E.
Tel : (03) 6157 6339
Fax : (03) 6156 8918
Email : info@hlhightech.com

SHARE REGISTRARS

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya, Selangor
Tel : (03) 7841 8000
Fax : (03) 7841 8151

AUDITORS

Messrs. Grant Thornton Malaysia
(formerly known as SJ Grant Thornton)
Chartered Accountants

PRINCIPAL BANKERS

Hong Leong Bank Berhad
CIMB Bank Berhad
OCBC Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Main Market of the Bursa Malaysia Securities Berhad
Stock Name : HIGHTEC
Stock Code : 7033

Corporate Structure

KUMPULAN H & L HIGH-TECH BHD
(317805-V)

Invesment Holdings

100% **H & L High-Tech Sdn Bhd**
Manufacture and sale of precision engineering moulds, jigs, fixtures, tools and other machine parts

100% **Plastik STC Sdn Bhd**
Manufacture and sale of customised precision engineering plastic injection moulded thermoplastic and thermosett parts and components for electrical and electronic industry.

100% **H & L High-Tech Deco Sdn Bhd**
Oil palm plantation

100% **H & L High-Tech Properties Development Sdn Bhd**
Properties development.

100% **H & L High-Tech Properties Sdn Bhd**
Letting of properties and property investment

100% **H & L Mould Solution Sdn Bhd**
Dormant

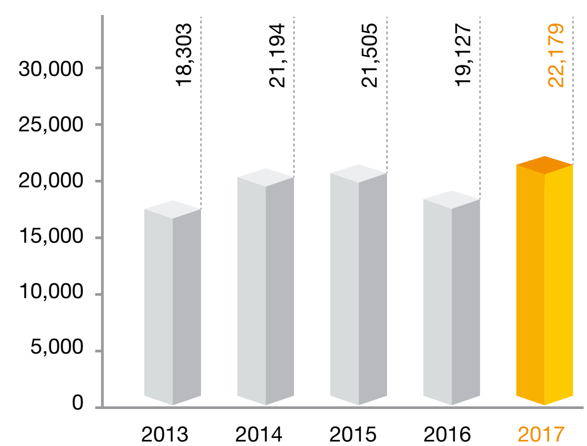
100% **STC Technology Sdn Bhd**
Dormant

5 Years' Financial Highlights

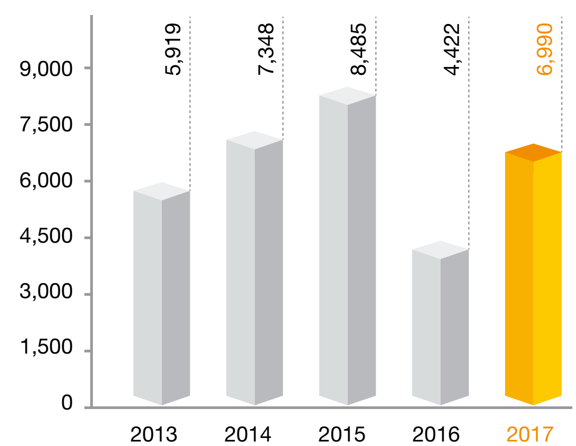
FOR THE FINANCIAL YEAR ENDED 31ST OCTOBER	2013 RM 000	2014 RM 000	2015 RM 000	2016 RM 000	2017 RM 000
Group Revenue	18,303	21,194	21,505	19,127	22,179
Profit Before Tax	5,919	7,348	8,485	4,422	6,990
Profit Attributable To Shareholder	7,229	6,198	6,971	3,458	5,570
Paid Up Capital	40,612	40,612	40,612	40,612	40,612
Total Assets	83,886	89,442	95,350	96,100	103,226
Shareholders' Equity	69,496	75,288	80,821	83,763	90,092
Net Earnings Per Share (Sen) *	19.76	16.95	19.06	9.45	15.23
Net Tangible Assets Per Share (Rm) *	1.90	2.06	2.21	2.29	2.46
Dividend (Sen)	3.50	3.50	3.50	3.50	3.50

* *Excluding Treasury Shares*

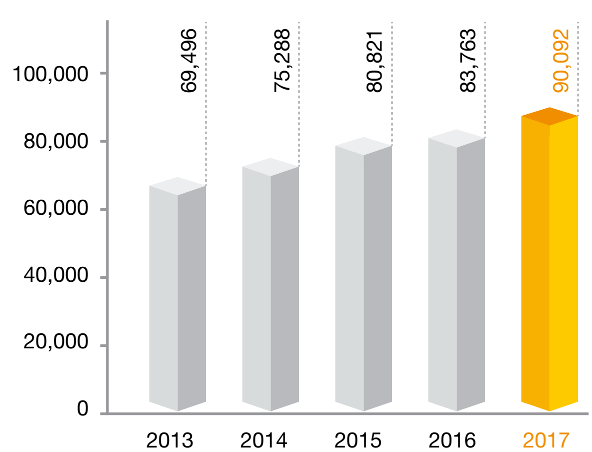
Revenue (RM'000)



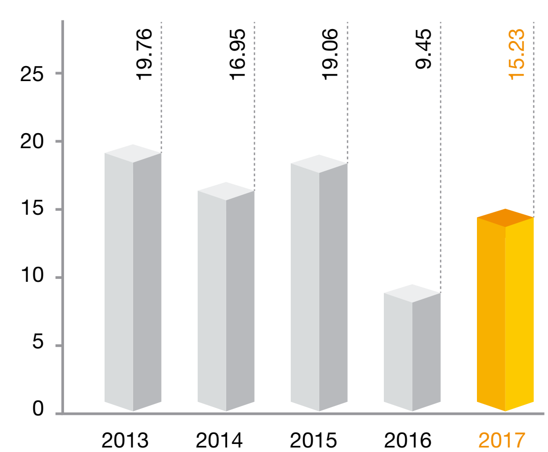
Profit Before Tax (RM'000)



Shareholders' Equity (RM'000)



Net Earnings Per Share (SEN)



Management Discussion And Analysis

DESCRIPTION OF BUSINESS

Kumpulan H & L High-Tech Bhd group of companies' activities are mainly focused on the following:

- Manufacturing precision engineering moulds and machine parts and customized precision engineering plastic injection moulds and components
- Property investment and properties development
- Oil Palm plantation

BUSINESS STRATEGIES

The business strategies in 2017 were:

- To nurture the plantation business which was in its infancy stage
- Maintain the manufacturing business which faced many challenges like low margin and declining orders in 2016.
- Derive the benefits from the sale of properties that was launched in 2016

OVERVIEW

Achievements in 2017

- Production of fresh fruit bunches (FFB) reached more than 4,500 metric tons. Coupled with better FFB prices, this boosted revenue to more than double in 2017
- Although overall manufacturing revenue suffered a marginal decline of 1.8%, profit after tax (PAT) improved significantly in 2017
- Despite the expiration of one major tenancy agreement, overall revenue increased by 14.2% due to sale of more houses.

FINANCIAL PERFORMANCE REVIEW

During the financial year ending 31 Oct 2017, Group revenue increased from RM19.1 million to RM22.2 million which is an increase of RM3.1 million or 16.0%. However PAT jumped from RM3.5 million to RM5.5 million, an increase of RM2.0 mil or 60%. Earnings per share was RM0.15, compared to RM0.09 previously which is an increase of RM0.06 per share.
In terms of revenue contribution, significant increase came by plantation and property and property developments business while manufacturing suffered a marginal decline.

Higher revenue was recorded in plantation business primarily due to increase in FFB production and better FFB prices in year 2017. Production of FFB has reached more than 4,500 metric tons as more palm trees reached the harvesting stage.
In the property segment, a better take-up rate of houses in 2017 helped to propel revenue to RM3.8 million compared to RM3.3 million back in 2016. If not for the fact one major tenant did not renew their tenancy agreement, revenue and PAT would have been much higher. This property has since been leased out.

Profit after tax jumped to RM5.5 million from RM3.5 million this year which is an increase of RM2.0 million compared to year 2016. Plantation made its maiden PAT of RM0.3 million. PAT of property and property development increased by 20.8% to RM4.0 million.

In the manufacturing sector, PAT improved significantly to RM1.6 million due to better margin although overall sales declined by 1.8% compared to year 2016. One major tenant chose not to renew their tenancy agreement, had it not been because of that, PAT would have improved by at least another RM0.5 million.

During the year 2017, certain non-current assets was revalued and a gain of RM2.0 million was recorded bringing the total comprehensive income to RM7.5 million compared to RM3.7 million in year 2016. With the gain in revaluation, basic earnings increased from 9.45 cents in year 2016 to 15.08 cents in year 2017.

CAPITAL STRUCTURE AND CAPITAL RESOURCES

Total equity stood at RM90.0 million in year 2017 as compared to RM83.7 million in year 2016. The increase of RM6.3 million was contributed by profit generated and a gain in revaluation of non-current assets. The increase in equity is after payment of RM1.3 million dividends in 2017.

Total long & short term borrowings stood at RM4.7 million while cash and cash equivalents was RM16.0 million. Gearing ratio was relative low at 14.6% end of year 2017.

The Group has no plan for significant capital expenditure in foreseeable future.

Management Discussion And Analysis (cont'd)

BUSINESS OPERATION REVIEW

Financial year 2017 saw significant improvement in the manufacturing of precision engineering moulds and machine parts. Revenue jumped by 27% to RM4.2 million. However PAT increased significantly to RM0.9 million from RM0.06 million. The significant jump in PAT was mainly due to improvement in gross margin and reduction in cost carried out in 2016.

However in the manufacturing of customized precision engineering plastic injection moulds and components, sale suffered a 9.4% or RM1.2 million drop due to lower selling price. As a direct result PAT was also lower by RM0.1 million.
The manufacturing business continued to face challenges due to competition and declining selling prices. Although Malaysia registered a commendable Gross National Product of more than 5%, the orders received did not reflect such a growth rate.

In the property and property development side, lower rental income was recorded due to a major tenant not renewing their lease. However, this was offset by more units of houses sold. Overall revenue increased by RM0.5 million or 14.2%. As such PAT was also better by RM0.7 million.

Sale of our houses in Ipoh, Perak was still encouraging in year 2017 despite the perceived notion of oversupply in the market. Sales were in line with our target. In the property investment sector, although one major tenant did not renew the lease, the said property was finally leased out with slightly higher rental.

In the plantation sector, FFB production jumped to more than 4,500 metric tons as more palm trees reached the harvesting stage. Higher FFB prices and higher FFB production boosted total revenue to RM2.6 million and this helped to realize a maiden profit of RM0.3 million.

OUTLOOK & PROSPECT

We expect in the year 2018 both plantation, property and property development to contribute positively to the Group revenue and PAT. FFB production will continue to increase as fruits become bigger and more acreage reach the harvesting stage. As for the FFM price we hope the year 2017 prices can be maintained

As for property and property development, property rental income should be higher than in year 2017 as one of the major leases has already been taken. However, we only have few remaining units of unsold houses. After this there will be no more houses for sale until the next project kicks in a couple of years later.

Overall manufacturing business is expected to be subdued due to persistent conditions. Nonetheless we hope to maintain the year 2017 performance.

ANTICIPATED RISK

Currency

As the Group manufacturing business is involved heavily in exports, any movement in foreign currency will have significant impact to both revenue and PAT. Malaysian Ringgit has strengthened against other majors currencies especially US dollar in early year 2018. This could have some impact to our exports revenue and PAT. The major currencies involved are US dollars and Euro.

Labour shortage

Currently the harvesting of FFB mostly relies on foreign labour, we continue to face challenges retaining these workers. Any disruption in labour supply greatly affects the FFB production and the yield of the plantation.

MALAYSIAN SUSTAINABLE OIL PALM (MSOP)

The Malaysian Sustainable Palm Oil (MSPO) certification compliance will be made mandatory by the 2019 to elevate the industry to global standards.

CHANGES IN REGULATIONS AND POLICIES

Like most business entities, any change in government regulations and policies may affect our operations, in particular the foreign labour that carry out the main work of harvesting FFB in the plantation sector.

Profile of the Board of Directors and Key Senior Management

TAN LYE HUAT

Group Executive Chairman and Managing Director

- Key Senior Management

Tan Lye Huat, Malaysian, Male, aged 64, was appointed as Group Executive Chairman and Managing Director of Kumpulan H&L High-Tech Berhad (H&L) on 2 September 1997. Mr Tan is also one of the Key Senior Management and he is a businessman by profession and the founder of H&L High-Tech Sdn Bhd (HHT), Plastik STC Sdn Bhd (PSSB), H&L High-Tech Deco Sdn Bhd (HHTD), H&L High-Tech Properties Sdn Bhd (HHTP) and H&L High-Tech Properties Development Sdn Bhd (HHPD).

He founded Hup Lee Engineering Works (HLEW) in 1976 as a partnership in the mould and dies industry and incorporated the partnership under HHT on 9 November 1988.

With more than 40 years of experience of closely managing the production and marketing operations of HHT and HLEW, he possesses in-depth knowledge and experience in the overall operations of HHT as well as the industry in general.

He sits on the Board of all companies under the H&L Group and holds directorships in a number of other private limited companies. He has no conflict of interest with the Company. His daughter Tan Sook Yee is a Director of H&L.

He has no conviction for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

TAN SOOK YEE

Executive Director

- Key Senior Management

Tan Sook Yee, Malaysian, Female aged 37 was appointed as Non-Independent Executive Director of H&L on 30 June 2006. She is also one of the Key Senior Management.

She graduated with a Bachelor of Manufacturing Engineering (Honours) and Bachelor of Commerce from the University of Melbourne.

She joined H&L Group as a Customer Support Engineer in 2004 and is now the Business Development Director of which her primary role is to develop new projects for the Group and manage the Group's international businesses. She is also the Quality Management Representative for the H&L Group. She sits on the Board of H&L and all its subsidiaries. She also holds directorships in a number of other private limited companies. She has no conflict of interest with the Company. She is the daughter of Mr. Tan Lye Huat, Chairman and Managing Director of H&L.

She has no conviction for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CHU KAN

Independent Non – Executive Director

Chu Kan, Malaysian, Male aged 74, was appointed as an Independent Non-Executive Director of Kumpulan H&L High-Tech Berhad on 2 September 1997.He has been a member of the Institute of Internal Auditors since 1980 and he became a professional member of the National Institute of Accountants, Australia in 2003. In 1969, he began his career as an office manager cum accountant with General Ceramic Bhd (now known as General Corporation Bhd).

He left in 1986 as the assistant group internal auditor. In 1987, he joined Redland Prestige Ceramic Sdn Bhd, a wholly owned subsidiary of Johan Holdings Bhd, which is principally involved in manufacturing of ceramic tiles, as a finance and administration manager. He retired from employment in early 1997 and currently sits on the Board of several private limited companies.

He also sits on Audit Committee, Nomination Committee and Remuneration Committee. He does not have any family relationship with any director and/or major shareholder of the Company and there is no conflict of interest with the Company.

He has no conviction for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Profile of the Board of Directors and Key Senior Management (cont'd)

RITA TAI LAI LING

Independent Non-Executive Director

Rita Tai, Malaysian, Female aged 52, was appointed as an Independent Non-Executive Director of H &L on 23 June 2009. She is a Chartered Accountant of the Malaysian Institute of Accountants, a Certified Public Accountant of the Malaysian Institute of Certified Public Accountants and a holder of Capital Market Services License issued by the Securities Commission.

She began her career in 1989 as an Accountant with MST Industrial System Sdn Bhd. In 1990, she joined Coopers & Lybrand (now known as PriceWaterHouseCoopers) as an audit assistant and thereafter was promoted to the position of an Audit Manager. Subsequently in 1994, she joined a licensed Asset Management company as the Head of Finance and Corporate Affairs. In 1997, she joined Hwang DBS Securities Sdn. Bhd. (now known as Hwang DBS Investment Bank Bhd.) as a Dealer's Representative. Later in 2001, she transferred her Dealer's Representative licence to Kenanga Investment Bank Berhad and has been with the company until end of 2011. In January 2012, she transferred her Dealer's Representative licence to Malacca Securities Sdn Bhd. The years of experience that she gained in the audit and business advisory services as well as in the securities industry has equipped her with extensive knowledge in the operations of the stockbroking, manufacturing, banking, insurance, trading and plantation sectors.

She is the Chairperson of the Remuneration Committee and a member of the Audit Committee and Nomination Committee of the Company.

She does not have any family relationship with any director and/or major shareholder of the Company and there is no conflict of interest with the Company.

She has no conviction for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

HAU HOCK KHUN

Independent Non-Executive Director

Hau Hock Khun, Malaysian, Male aged 45, was appointed as an Independent Non-Executive Director of H&L on 5 August 2009. He holds a Bachelor of Law (L.L.B.) from Bond University, Australia, MBA (Total Quality Management) from Newport University, USA and International Diploma Computer Science NCC, UK.

He was called to the Malaysian Bar on 31 May 1998 and is admissible to the Queensland Solicitors' Board (Australia), and currently is the Advocate & Solicitor of the High Court of Malaya. He is also a Mediator registered with the panel of Malaysia Mediation Centre and the Associate Member of the U. K. Chartered Institute of Arbitrators

He is currently a Managing Partner in Messrs H K Hau, Advocates and Solicitors and also a Consultant for various organisation for property and project development planning, property investment & development and real estate related matters.

He is proficient and well versed in various law fields with specialization and experience in shipping, company restructuring, franchising, trade mark, patents, industry design, corporate and commercial law, banking and civil litigation. As well as in the property and real estate related matters.

He is the Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee of the Company.

He does not have any family relationship with any director and/or major shareholder of the Company and there is no conflict of interest with the Company.

He has no conviction for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Profile of the Board of Directors and Key Senior Management (cont'd)

CHEW YOCK FAT

Independent Non-Executive Director

Chew Yock Fat, Malaysian, Male, age 59, was appointed as Independent Non-Executive Director of H&L on 4 February 2015. He was Member of Malaysian Institute of Accountant, and was a Fellow member of Association of Chartered Certified Accountants UK and was a Licensed GST Agent.

He worked as Accountant in 1985 with Fung Keong Rubber Manufactory Sdn Bhd and subsequently in 1988 as Finance Manager with Don Eastern Sdn Bhd .Later he joined one of the subsidiaries of Southern Steel Berhad as the Group Financial Controller until 1994. He was the Financial Controller with a Japanese MNC from 1994 until 2008 and later as Financial Controller in a Swedish company until 2013.

He has wide ranging experience in finance, accounting, corporate and indirect taxes. He is also well verse with compliance matters such as Sarbanes Oxley, Foreign Corrupt Practice, Anti Money Laundering. In addition, he had experience conducting GST training and providing consultancy services to Small Medium Enterprises.

He is the Chairman of Audit Committee. He does not have any family relationship with any director and/or major shareholder of the Company and there is no conflict of interest with the Company.

He has no conviction for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Statement On Corporate Social Responsibility

Our Group has recognised and acknowledged the importance of a corporate culture that emphasizes good corporate social responsibility ("CSR") and corporate citizenship. While delivering sustainable and growing stakeholders value through the core business, our Group also contributes and provides for the betterment of the employee welfare, market place and community.

ENVIRONMENT

Our Group promotes environmentally-conscious work practices in order to reduce environmental impact, enhance energy efficiency and recycling whenever possible. Our manufacturing wastes are relatively minor impact to the environment, and we can easily eliminate such waste in orderly manner and in accordance with guidelines and regulations as stipulated by the Department of Environment ("DOE").

MARKET PLACE

Our Group recognises that our ability to produce consistently high quality products is critical to the success of our business. As such, we place extensive and substantial emphasis on the ultimate quality of our products and maintain stringent quality control throughout our manufacturing processes. This enables us to produce high quality products to satisfy the demands and expectations of highly-demanding international customers. Being a manufacturer of export goods, we are required to adhere to the product quality requirements of countries in which we export to. In addition, we also work closely with our customers to ensure that our products are in proper compliance with prevailing local requirements or quality standards.

WORKPLACE

Our Group believes that human capital development is very important to ensure that we have the right and relevant skill set and knowledge in ensuring business sustainability and growth. As such, we have conducted trainings with emphasis on quality for the staff to improve further their quality of work and workplace. Health and Safety at the workplace is also another area of importance to us. Regular inspections are taken to ensure the Company's equipment and infrastructures are well-maintained. In addition, all workers are covered by Group Personal Accident insurance, Group Hospitalisation and Surgical insurance, or Foreign Worker Compensation Scheme. Other medical benefits, working hours, overtime and off days are clearly outlined.

SOCIAL: SOCIETY

We view investment in communities as an instrument for contributing to the development of the societies where we operate. During the financial year, we participated in local community event with direct financial support and voluntary participation by employees.

Statement Of Corporate Governance

The Board recognises the importance of good corporate governance and fully subscribes to and supports the principles of the Malaysian Code on Corporate Governance and the relevant provisions in the Main Market Listing Requirement of Bursa Malaysia Securities Berhad.

This corporate governance statement also set up the application of 8 principles of Malaysian Code on Corporate Governance 2012, relevant chapters of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on corporate governance.

PRINCIPLE 1

Establish clear roles and responsibilities of the Board of Directors and Management

The Board has a collective responsibility for the management of the Group.

The Non-Executive Directors are responsible for bringing independent judgment and scrutiny to decisions taken by the Board and providing objective challenges to Management. The Non-Executive Directors do not participate in the day-to-day management of the Group and do not engage in any business dealing or other relationship with the Group to ensure that they are capable of exercising judgment objectively and act in the best interest of the Group, its stakeholders and shareholders, including minority shareholders.

To enhance accountability, the Board has specific functions reserved for the Board and those delegated to Management.

The Board assumes the following responsibilities in discharging its fiduciary and leadership functions:
- Reviewing and adopting a strategic plan for the Group
- Overseeing the conduct of the Group’s business via assessing the performance of Group and management team to determine whether the business is being properly managed.
- Identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measure to address such risks.
- Ensure that all candidates appointed to senior management positions are of sufficient caliber and satisfied that there are programmes in place to provide for the orderly succession of senior management and members of the Board.
- Overseeing the development and implementation of shareholders communications policy for the Group.
- Reviewing the adequacy and the integrity of the management information system and internal control system of the Group.

Code of Ethics and Conduct

The Company has adopted a code of conduct and ethics which applies to Directors, officers and employees of the Group and is available on the Company’s website at www.hlhightech.com.

The Board is ultimately responsible for the implementation of this Code of Ethics. The Board has delegated to the Nomination Committee the responsibility to administer this Code of Ethics. Directors who learn of or suspect that a violation of the Code of Ethics has occurred or is likely to occur must immediately report the violation to the Chairman of the Nomination Committee, or to any other member of the Nomination Committee, except in the case of issues regarding the Company’s financial statements, financial reporting, accounting, auditing matters or internal accounting controls of which it should be reported to the Chairman of the Audit Committee.

If a Director is unsure whether a violation should be reported to the Nomination or the Audit Committee, he or she is encouraged to report to both Committees. Directors who report violations or suspected violations in good faith will not be subject to retaliation of any kind. Reported violations will be treated confidentially to the extent possible.

Alleged violations of the Code of Ethics shall be investigated by the Nomination Committee and may result in discipline and other action at the discretion of the Board upon recommendation of the Nomination Committee, including, where appropriate, removal from the Board. The Board is ultimately responsible for the investigation and resolution of all issues that may arise under this Code of Ethics.

Statement Of
Corporate Governance (cont'd)

PRINCIPLE 1 (CONT'D)

Board Charter

Apart from the adoption of the above Code of Ethics and Conduct, the Board is also guided by the Charter which provides reference for directors in relation to the Board's roles, powers, duties and functions. The Charter outlines processes and procedures for the Board and their committees to be effective and efficient. The Board reviews the Charter annually to ensure it remains consistent with the Board's objectives and responsibilities and all the relevant standards of corporate governance. The Board Charter is made available on the Company's website.

Sustainability of Business

The Board embraces sustainability through collaboration and partnership with its suppliers, customers and other stakeholders. The Group is committed to the continuous efforts in maintaining a delicate balance between the sustainability agenda and the shareholders' interests.

Whistle-blowing Policy

The Board acknowledges that misconduct such as violation of laws, rules, regulations, production fault, fraud, health and safety violations or corruption are usually known first by the people who work in or with the Group. An early warning system such as a whistle-blowing policy and procedure can help the Group detect wrongdoings and alert the Group to take corrective action before a problem becomes a crisis.

The Board thus in its effort to enhance corporate governance has put in place a whistle blowing policy to provide an avenue for employees, suppliers and stakeholders to report genuine concerns about malpractices, unethical behaviour or misconduct without fear of reprisal. Any concerns raised will be investigated and outcome of such investigation will be reported to the Board. Appropriate action will be taken to resolve the issue.

Board Gender Diversity Policies and Targets and the Measures

Corporate Governance Blueprint 2011 states that the Board should ensure women participation on board to reach 30% by year 2016. Currently the Board consists of one third (1/3) of female directors.

The Board has not adopted any diversity policy but will continue to identify suitable candidates for appointment to the board as and when the vacancies arises. Such candidates will be strictly assessed based on merit, their competencies, time commitment, experience and knowledge regardless of gender, age and ethnicity.

The Nominating Committee will oversee the overall composition of the Board and Board Committees, including succession planning to maintain the appropriate size and skills, the balance between Executive Directors, non-Directors and Independent Directors as well as the mix of skills and other core competencies required on the Board.

PRINCIPLE 2

Strengthen the composition of the Board

The Board currently consists of six (6) directors, comprise two (2) Executive Directors and four (4) Independent Non-Executive Directors with a well-diversified mix of skills and experience and most of them are with professional qualification and/or relevant industry experience.

Statement Of
Corporate Governance (cont'd)

PRINCIPLE 2 (CONT'D)

Strengthen the composition of the Board (cont'd)

With the current board composition, where two third of the directors are independent non-executive and the Group size is relatively small in the capital market, hence the separation of roles of the Chairman and Managing Director are not required. The Managing Director is primarily responsible for the orderly conduct and the working of the Board, day to day running of the business and implementation of Board policies and decisions. There is sufficient balance of executive directors such that decision made are fully discussed and examined taking into account the long term interest of shareholders, employees, customers and other communities in which the Group conducts its business. The presences of Independent Non-Executive Directors are essential as they provide unbiased and independent views, advice and judgement as well to safeguard the interest of other parties such as minority shareholders. A brief profile of each director is presented in this annual report on pages 7 to 9. The Board composition complies with the Main Market Listing Requirement of Bursa Malaysia Securities Berhad, which requires one third to be independent.

The Board Committees

The Board delegates certain authorities to Board Committees as well as authority delegated by the Board to these committees have been approved by the Board and are reviewed from time to time to ensure that they are relevant and up-to-date.

The various committees report the outcome of their meetings to the Board which are then incorporated in the Board's minutes. The Board Committees are as follows:-

- Nomination Committee
- Audit Committee and
- Remuneration Committee

Nomination Committee - Selection and Assessment of Directors

A Nomination Committee was established to make recommendations to the Board on the suitable candidates for appointment to the Board. The Nomination Committee comprise exclusively of Independent Non-Executive Directors.

The Nomination Committee was formed by the Board with specific terms of reference and empowered by the Board to, amongst others, identify, recommend and nominate suitably qualified candidates in terms of appropriate balance of skills, expertise, attributes and core competencies for the appointment of directors, review the independence of Directors, ensure new Directors go through a proper induction programme and to continuously, collectively and individually, evaluate Directors and senior management on their performance on an on-going basis and recommend training, if necessary. The Terms of Reference of Nomination Committee is available on the Company's website.

The Nomination Committee is also tasked to review succession plans and boardroom diversity, including gender diversity and to develop criteria for the assessment of the Board, Board Committees and individual Directors, including where appropriate, criteria on assessing the independence of candidates' appointment as Independent, Non-Executive Directors and to assess the contribution and performance of members of the Board. Currently, the Company has two female members on the Board.

The Nomination Committee has reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board, including the core-competencies of both Executive and Non-Executive Directors; considered aspects of succession planning and boardroom diversity, including gender diversity; training courses for Directors and other qualities of the Board, including core-competencies which Non-Executive Directors should bring to the Board and the contribution of each individual Director; effectiveness of the Board, as a whole, and the Board Committees as well as the retirement of Directors by rotation who are eligible for re-election.

The Board, through the assessment and recommendations of the Nomination Committee, is confident and firmly believes that individuals chosen and appointed to the Board are all individuals of high calibre and integrity and can be tasked to discharge their duties and responsibilities independently and effectively.

Statement Of
Corporate Governance (cont'd)

PRINCIPLE 2 (CONT'D)

Nomination Committee - Selection and Assessment of Directors (cont'd)

In enhancing the function of the independent Non-Executive directors, the Board has defined their roles and responsibilities including the following:

- Provides independent and objective views, assessment and suggestions in Board's deliberations;
- Ensures effective check and balance in the Board's proceedings;
- Mitigate any possible conflict of interest between the policy-making process and the day-to-day management of the Group and
- Contribute to the development of the business strategies and direction of the Group.

The Independent Directors are free to obtain advice from independent professionals if deemed necessary for the proper discharge of their duties at the expenses of the Company. The Independent Directors have direct access to the advice and services of internal and external auditors and the company secretary who is responsible for ensuring the Board procedures are followed.

DIRECTOR RETIREMENT

In accordance with the Articles of Association of the Company, it provides that every Annual General Meeting, at least one-third of the Directors for the time being, shall retire from office and being eligible for re-election provided always that all the Directors shall retire from office at least in each three (3) years.

Ms Tan Sook Yee and Mr Hau Hock Khun are due to retire at the forthcoming Annual General Meeting and will be recommended for re-election by the Board.

In determining whether to recommend a Director for re-election, the aforesaid Directors' attendance at meetings, participation and contribution to the activities of the Board will be duly considered by Nomination Committee.

The Nomination Committee is satisfied that the abovementioned Directors have met the requirement set above and have recommended to the Board of Directors for their re-election at the forthcoming Annual General Meeting. All the abovementioned Directors have consented to serve as Directors, if re-elected by the shareholders at the forthcoming Annual General Meeting.

For more details on the members and meeting attendance of the Nomination Committee, please refer to the Nomination Committee Report on page 28 of the annual report.

In Kumpulan Group, all appointments and employments are based on merits and not determined by gender, ethnicity and age bias. The current structure of gender, ethnicity and age of the employees of the Group are as follows:-

Gender		**Ethnicity**		**Age**	
Male	54%	Malaysian – Bumiputera	36%	19 – 30	33%
Female	46%	Malaysian – Chinese	27%	31 – 40	25%
		Malaysian – Indian	4%	41 – 50	28%
		Foreigners	33%	> 50	14%

Qualified and Competent Company Secretary

The current Company Secretary is a qualified Chartered Secretary and member of MAICSA. The appointment of the company secretary is based on criteria related to the qualifications, experience and competence of the individual concerned to carry out their duties and responsibilities having regard to the Company and its subsidiaries' business, size of operations and compliance with the Listing Requirements.

PRINCIPLE 2 (CONT'D)

Audit Committee (cont'd)

The Audit Committee currently comprises four (4) independent Non-Executive Directors. The Committee meets not less than 4 times a year and is governed by clearly defined terms of reference in the financial year ended 31 October 2017. For the financial year ended 31 October 2017, the Committee met 5 times. Details of the composition of the Audit Committee and attendance of members at meetings held in 2017 are as follows:-

Membership Status	Name	Attendance
Chairman		
Independent Non-Executive Director	Chew Yock Fat	5/5
Member		
Independent Non Executive Director	Chu Kan	5/5
Independent Non-Executive Director	Rita Tai Lai Ling	5/5
Independent Non Executive Director	Hau Hock Khun	3/5

Meetings are to be held as and when necessary. The quorum for each meeting is two. The minutes of the Audit Committee meetings are tabled at the Board for noting and for action by the Board, where appropriate. Recommendations of the Committee are submitted to the Board for approval.

For summary of activities of the Audit Committee for the financial year ended 31 October 2017, please refer to pages 24 to 27 of the annual report.

Remuneration Committee

The Remuneration Committee was established to make recommendations to the Board on the compensation framework for Directors. The Remuneration Committee consists of three (3) members, all are Independent Non-Executive Directors.

The Remuneration Committee was formed by the Board with specific terms of reference. The main responsibilities of the Remuneration Committee are to ensure that the remuneration, salary and benefits of the Directors of the Company are benchmarked with industry standards in light of the Company's performance in the industry.

The Remuneration Committee review the remuneration structure of Executive and Non-Executive Directors and recommend to the Board. The Company's Articles of Association provide that any payment of Directors' fees should be approved at the Annual General Meeting.

Recommendations by the Remuneration Committee are reported at a meeting of the Board by the Chairperson of the Remuneration Committee. All Remuneration Committee meeting minutes, including meeting papers, carried out by the Remuneration Committee in the discharge of its functions are properly documented. The Remuneration Committee held one meeting which was attended by all members during the financial year to review and recommend to the Board on the remuneration of the Directors.

Membership Status	Name	Attendance
Chairperson		
Independent Non-Executive Director	Rita Tai Lai Ling	1/1
Member		
Independent Non-Executive Director	Hau Hock Khun	1/1
Independent Non Executive Director	Chu Kan	1/1

Statement Of
Corporate Governance (cont'd)

PRINCIPLE 2 (CONT'D)

Remuneration Committee (cont'd)

Details of the nature and the amount of the Directors' remuneration paid or payable by the Company and the Group for the financial year ended 31 October 2017 are as follow:-

Company	Executive Directors (RM '000)	Non-Executive Directors (RM '000)
Fees*	0	51
Emoluments*	0	37
Employer Provident Fund	0	0
Benefit-in-kind	0	0

The number of Directors of the Company whose remuneration fall within the following bands are:-

Range of Remuneration inclusive of allowance	Executive Directors	Independent Non-Executive Director
Below RM50,000	-	4
RM150,000 – RM200,000	1	-
RM750,000 – RM800,000	1	-

Group	Executive Directors (RM '000)	Non-Executive Directors (RM '000)
Fees*	0	51
Emoluments*	86	37
Employer Provident Fund	87	0
Benefit-in-kind	16	0

* Fee and benefits paid by the Company amounted to approximately RM94,000 only.

The number of Directors of the Group whose remuneration fall within the following bands are:-

Range of Remuneration inclusive of allowance	Executive Directors	Independent Non-Executive Director
Below RM50,000	-	4
RM150,000 – RM200,000	1	-
RM750,000 – RM800,000	1	-

On the disclosure of detailed remuneration of each Director, the Board is of the view that the transparency of Directors' remuneration has been sufficiently dealt with by the "band disclosure" presented in this Statement.

Statement Of
Corporate Governance (cont'd)

PRINCIPLE 3

Reinforce independence of the Board

The Board recognises the importance of independence and objectivity in its decision making process. The Directors are professionals of high calibre and integrity and possess of in-depth knowledge and experience of the business to enable them to discharge their duties effectively. The Independent Non-Executive Directors bring to bear objective and independent views, advice and judgment on interests, not only of the Group, but also of shareholders, employees, customers, suppliers and the many communities in which the Group conducts its business. Independent Non-Executive Directors are essential for protecting the interests of shareholders and can make significant contributions to the Group's decision-making by bringing in the quality of detached impartiality.

During the financial year under review, the Board assessed the independence of its Independent, Non-Executive Directors based on criteria set out in the Listing Requirements. The MCCG 2012 provides a limit of a cumulative term of nine (9) years on the tenure of an Independent Director. The Board Charter provides a limit of a cumulative term of nine (9) years on the tenure of an independent director.

However, an Independent Director may continue to serve the Board upon reaching the 9-year limit subject to the Independent Director's re-designation as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as Independent after the latter has served a cumulative term of 9 [nine] years, the Board must justify the decision and seek shareholders' approval at general meeting. In justifying the decision, the Nomination Committee is entrusted to assess the candidate's suitability to continue as an Independent Non-Executive Director based on the criteria on independence. There is one Independent Non-Executive Director of the Company namely Mr. Chu Kan who has served the Board for cumulative term of more than nine years since 02 September 1997. Ms Rita Tai Lai Ling and Mr Hau Hock Khun will reach the nine (9) years term on 23 June 2018 and 5 August 2018 respectively. Shareholders approval will be sought during the Annual General Meeting to be held on 28 March 2018 for them to continue to act as independent Directors of the Company until the conclusion of the next Annual General Meeting of the Company. The board recommends retaining them as Independent Non-Executive Directors of the Company mainly based on the following justifications:-

- he had fulfilled the criteria under the definition of Independent Director pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- he had ensured effective check and balance in the proceedings of the Board and the Board Committees;
- he had actively participated in Board deliberations, provided objectivity in decision-making and an independent voice to the Board and contributed in preventing Board domination by any single party;
- his vast experience in internal audit and finance would enable him to provide the Board with a diverse set of experience, expertise and independent judgement to better manage and run the Group;
- he had devoted sufficient time and attention to his responsibility as Independent Non-Executive Director of the Company and
- he had exercised due care in the interest of the Company and shareholders during his tenure as Independent Non-Executive Director.

PRINCIPLE 4

Foster commitment of Directors

The Board ordinarily meets at least four (4) times a year, scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings.

Statement Of
Corporate Governance (cont'd)

PRINCIPLE 4 (CONT'D)

Time Commitment

Where any direction or decisions are required expeditiously or urgently from the Board between the regular meetings, special meetings of the Board are convened after consultation with the Group Executive Chairman and Managing Director.

The agenda for the meeting of the Board are set by the Company Secretary in consultation with the Group Executive Chairman and Managing Director. Decisions of the Board are made unanimously or by consensus. Where appropriate, decisions may be taken by way of Directors' Circular Resolutions between scheduled and special meetings.

The agenda, the relevant reports and Board papers are furnished to Directors five (5) business days in advance to allow the Directors sufficient time to peruse for effective discussion and decision making during meetings.

The Board has a regular schedule of matters which are typically on the agenda and reviewed during the course of the year namely, Quarterly Reports; the Quarterly Unaudited Consolidated Results; Recommendations of the various Board Committees; Announcements to Bursa; Company's Audited Financial Statements; Company's Annual Report [which includes the Statement on Corporate Governance, Internal Control Statement, an Audit Committee Report.

Members of the Management Team or external advisors are invited, as and when required, to attend the Board and/ or Committee meetings to advise and furnish the members of the Board and/ or Committees with information and clarification relating to the items on the agenda for effective discussion and decision making.

All pertinent issues discussed at Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretary by way of minutes of meetings. It is the policy of the Company for Directors to devote sufficient time and efforts to carry out their responsibilities. The Board obtains this commitment from Directors at the time of appointment. It is also the Board's policy for Directors to notify the Group Executive Chairman and Managing Director before accepting any new directorship notwithstanding that the Listing Requirements allow a Director to sit on the boards of 5 listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment.

Board Meetings

There were five (5) Board meetings held during the financial year ended 31 October 2017, with details of Directors' attendance set out below:-

Name of Director	Designation	Attendance Board Meeting
Tan Lye Huat	Group Executive Chairman and Managing Director	5 / 5
Tan Sook Yee	Executive Director	5 / 5
Chu Kan	Independent non-Executive Director	5 / 5
Rita Tai Lai Ling	Independent non-Executive Director	5 / 5
Hau Hock Khun	Independent non-Executive Director	3 / 5
Chew Yock Fat	Independent non-Executive Director	5 / 5

Directors' Training

The Board is mindful of the importance for its members to undergo continuous training and through its Nomination Committee continues to evaluate and determine the training needs of its members to ensure continuing education is made available to Directors in order for them to enhance their business acumen and professionalism in discharging their duties to the Group. Any Director appointed to the Board is required to complete the Mandatory Accreditation Programme ("MAP") within 4 [four] months from the date of appointment.

Statement Of
Corporate Governance (cont'd)

PRINCIPLE 4 (CONT'D)

Directors' Training

The Directors have during the financial year ended 31 October 2017 attended various courses, training and programmes as follow:

Director	Date / Month	Courses / Training / Programme
Chew Yock Fat	10/10/2017 20/10/2017	Malaysian Code of Corporate Governance 2017 & Sustainability Reporting Effective Internal Audit Function for Audit Committee Workshop
Chu Kan	01/11/2016 15/08/2017 20/10/2017	Budget 2017 Companies Act 2017, How does it impact Directors, CFOs, Accountants and Auditors Effective Internal Audit Function for Audit Committee Workshop
Hau Hock Khun	18/11/2016	Public Listed Company Director's Training
Rita Tai Lai Ling	08/03/2017 25/03/2017 08/04/2017	The Objectives of Asean Economic Community Customer due diligence, market surveillance, conduct and ethics Product @ Bursa 2017
Tan Lye Huat	01/11/2016 10/10/2017	Budget 2017 Malaysian Code of Corporate Governance 2017 & Sustainability Reporting
Tan Sook Yee	17/12/2016 14/01/2017 06/05/2017 22/07/2017	ISO 9001 : 2015 Requirement ISO 9001 : 2015 Internal Auditor ISO 13485 : 2016 Awareness ISO 14971 Medical Devices Risk Management

The Company also provided internal briefings to the Directors on key corporate governance developments and salient changes on the Listing Requirements, laws and regulations. In addition, as part of the Directors' continuous education programme, all Directors are, from time to time, provided with hard copies of reading materials pertaining to the latest developments in areas relating to the Directors' roles and responsibilities. The External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the year. The Directors' are also encouraged to attend appropriate external trainings on subject matter that aids the Directors in the discharge of their duties as Directors, at the Company's expense.

PRINCIPLE 5

Uphold integrity in financing reporting

The Board aims to provide and present a clear, balanced and comprehensive assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements and quarterly announcement of results to shareholders, as well as the Management Discussion and Analysis and review of the Group's operations in the Annual Report.

Statement Of
Corporate Governance (cont'd)

PRINCIPLE 5 (CONT'D)

Uphold integrity in financing reporting (cont'd)

The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and the Company as at the end of the reporting period and of their results and cash flows for the period then ended. In preparing the financial statements, the Directors ensure that accounting standards approved by the Malaysian Accounting Standards Board [MASB] in Malaysia and the provisions of the Companies Act 2016 are complied with and reasonable and prudent judgments and estimates have been made. The Directors' overall responsibilities also include taking such steps as are reasonably open to them to safeguard the assets of the Group and for the implementation and continued operation of adequate accounting and internal control systems for the prevention of fraud and other irregularities.

The Board is satisfied that it has met its obligation to present a balanced and understandable assessment of the Group's position and prospects in the Directors' Report and the Financial Statements set out in this Annual Report. To assist in the discharge its duties on financial reporting, the Board has established an Audit Committee, comprising wholly Independent Non-Executive Directors, with Mr. Chew Yock Fat as the Chairman of the Audit Committee. The composition of the Audit Committee, including its roles and responsibilities are set out in this Annual Report. One of the key responsibilities of the Audit Committee is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia. Such financial statements comprise the quarterly financial report announced to Bursa and the annual statutory financial statements. The Board's obligation to establish formal and transparent arrangements in considering how it should apply financial reporting and internal controls, and maintaining an appropriate relationship with the Group's external auditors is met through the Audit Committee.

The Audit Committee discusses with the external auditors the nature and scope of the audit and reporting obligations before audit commences. The Audit Committee ensures that the Management provides timely response on any material queries raised by the external auditors, in respect of the accounting records, financial accounts or system of controls. The Audit Committee is empowered by the Board to review any matters concerning the appointment and re-appointment, resignations or dismissals of external auditors and review and evaluate factors relating to the independence of the external auditors.

The Audit Committee works closely with the external auditors in establishing procedures in assessing the suitability and independence of the external auditors, in confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Group in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants. The terms of engagement for services provided by the external auditors are reviewed by the Audit Committee prior to submission to the Board for approval.

PRINCIPLE 6

Recognise and manage risks of the Group

Recognising the importance of risk management and internal controls, the Board has established a structured risk management framework to identify, evaluate, control, monitor and report the principal business risks faced by the Group on an on-going basis. The key features of the risk management framework are set out in the Statement on Risk Management and Internal Control as stated in this Annual Report.

The Board has established internal control policies and procedures and monitors to ensure that such internal control system is implemented and effectively carried out by the Management Team. The Group has in place an Information Technology Policy that outlines the processes that should be followed to create policies, best practices, standards and the use of the supporting information technologies. The Group is mindful of the legal implications if technology systems or information are misused in a manner which may be found to breach laws and regulations. Guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, the Board performs reviews on an annual basis covering not only financial, but operational and compliance controls and risk management systems, in all material aspects. The Board is provided with reasonable assurance from the various reports submitted by Management and the Audit Committee on risk management and internal control system. Details on the Statement on Risk Management and Internal Control and Internal Audit Function are furnished in pages 30 to 31 of the Corporate Governance and Financial Report.

PRINCIPLE 7

Ensure timely and high quality disclosure

An essential aspect of an active and constructive communication policy is the promptness in disseminating information to shareholders and investors. The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures pertaining to the Company and its subsidiaries to regulators, shareholders and stakeholders.

For the financial year under review, the corporate disclosure policies and procedures which have been adopted and implemented in the Company are as follows:

i) Timely release of quarterly financial results

The Group recognises the importance of prompt and timely dissemination of information to shareholders and investors, in order for these stakeholders to be able to make informed investment decisions. The Board is of the view that information that is not released in a timely manner, albeit comprehensive and accurate, would be less relevant for such investment purposes.

As such, the Group accords a high priority in ensuring that information is made available and disseminated as early as possible.

ii) Company website and authorized spokesperson

In order to disseminate timely information, the Company have made available latest Quarterly Report and other financial information on the Company's corporate website, www.hlhightech.com at which shareholders can access information under the 'Investor Relations' tab.

As part of the Company's commitment towards the objective in maintaining effective communication with shareholders and investors to enable them to make informed investment decisions, experienced Senior Management personnel are directly involved in the Company's investor relations activities. With the active involvement of the Senior Management personnel, the investment community is assured of views and information on the Group that is appropriate, accurate and timely. The details of the authorized Senior Management personnel responsible for Investor Relations are as follows:

Name : Tan Sook Yee
Designation : Executive Director, Business Development
Address : Kumpulan H & L High-Tech Bhd
No.6, Jalan TSB 1, Taman Industri Sungai Buloh,
47000 Sungai Buloh, Selangor Darul Ehsan.
Tel No : 03 - 61576339
E-mail : info@hlhightech.com

iii) Related party transactions and material contract

An internal compliance framework exists to ensure the Company meets its obligations under the Listing Requirements, including obligations relating to related party transactions and recurrent related party transactions. The Board, through its Audit Committee, reviews all related party transactions involved. A director who has an interest in a transaction must abstain from deliberating and voting on the relevant resolution, in respect of such transaction at the meeting of the Board and at the Annual General Meeting convened to consider the said matter.

Statement Of
Corporate Governance (cont'd)

PRINCIPLE 7 (CONT'D)

iii) Related party transactions and material contract (cont'd)

There are procedures established by the Group to ensure that all related party transactions are undertaken on an arm's length basis and on normal commercial terms, consistent with the Group's usual business practices and policies, which are generally not more favourable than those generally available to the public and other suppliers and are not detrimental to minority shareholders. Salient features of the procedures relating to the governance of related party transactions are summarized as follows:

- a list of related parties of the Group is circulated to the Directors and Management of the Company and its subsidiaries to notify that all related party transactions are required to be undertaken on an arm's length basis and on normal commercial terms not more favourable than those generally available to the public and other suppliers and are not detrimental to the minority shareholders;

- all related party transactions are reported to the Audit Committee. Any member of the Audit Committee, where deemed fit, may request for additional information pertaining to the transactions, including advice from independent sources or advisers; and

- There was no Related Party Transactions entered into by the Company with its related parties for the financial year ended 31 October 2017.

For the financial year ended 31 October 2017, there were no material contracts entered into by the Group, involving directors and substantial shareholders.

PRINCIPLE 8

Strengthen relationship between the company and its shareholders

The Board believes that they are not only accountable to shareholders but also responsible for managing a successful and productive relationship with the Company's stakeholders.

Annual Report and shareholder participation at general meeting

The Company recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including minority shareholders, are protected. The Board provides its shareholders and investors with information on its business, financials and other key activities in the Annual Report of the Company, which contents are continuously enhanced to take into account the developments, amongst others, in corporate governance.

The Board aims to provide and present a clear and comprehensive assessment of disclosures in the Annual Report to shareholders. In disclosing information in the Annual Report, the Board is guided by the principles set out in the Listing Requirements and the Code of Business Conduct.

The Company sends out the Notice of the Annual General Meeting and related circular to shareholders at least 21 days before the meeting as required under the Listing Requirements, in order to facilitate full understanding and evaluation of the issues involved. Where special business items appear in the Notice of the Annual General Meeting, a full explanation is provided to shareholders on the effect of the proposed resolution emanating from the special business item.

The Annual General Meeting is the principal opportunity for the Board to meet shareholders and for the Chairman to provide an overview of the Company's progress and receive questions from shareholders.

Statement Of
Corporate Governance (cont'd)

PRINCIPLE 8 (CONT'D)

Annual Report and shareholder participation at general meeting (cont'd)

At the Annual General Meeting, shareholders actively participate in discussing the resolutions proposed or on future developments of the Group's operations in general. The Board, the Management Team and the Company's external auditors, are present to answer questions raised and provide clarification as required by shareholders. All the resolutions set out in the Notice of the Annual General Meeting are put to vote by show of hands.

The outcome of the Annual General Meeting is announced to Bursa on the same meeting day. At every Annual General Meeting, helpdesks are set up as a contact point for shareholders. The Company's primary contact with shareholders is through the Chairman, Managing Director, Executive Director and the authorised senior management personnel. All shareholders' queries are received by the authorised senior management personnel. The authorised senior management personnel provides feedback and responses to the shareholders' queries, save for sensitive information, which may not be privy to the general public.

Communication and engagement with shareholders

The Company recognises the importance of being transparent and accountable to its stakeholders and, as such, maintains an active and constructive communication policy that enables the Board and Management to communicate effectively with investors, financial community and the public generally.

The various channels of communications are through meetings with institutional shareholders and investment communities, quarterly announcements on financial results to Bursa, relevant announcements and circulars, when necessary, the Annual and Extraordinary General Meetings and through the Company's corporate website at www.hlhightech.com which shareholders and prospective investors can access corporate information, annual reports, press releases, financial information, company announcements and share prices of the Company.

To maintain a high level of transparency and to effectively address any issues or concerns, the Group has a dedicated electronic mail, info@hlhightech.com, to which stakeholders can direct their queries or concerns.

Statement by the Board on compliance

The Board has deliberated, reviewed and approved this Statement. The Board considers and is satisfied that the Company has fulfilled its obligations under the Code of Business Conduct, MCCG 2012, the relevant chapters of the Listing Requirements on corporate governance and all applicable laws and regulations throughout the financial year ended 31 October 2017. This Statement was presented and approved at the meeting of the Board on 24 January 2018.

Audit Committee Report

The Board of Directors is pleased to present the report on the Audit Committee and its activities for the financial year ended 31 October 2017 in compliance with Paragraph 15.15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

1. MEMBER

The Audit Committee currently comprises the following members, all of which are Independent Non-Executive Directors. A summary of their respective attendance at the Audit Committee meetings held during the financial year are as follows:-

Members and Meetings Attendance

Name	Membership status	Attendance
Chew Yock Fat	Chairman, Independent Non-Executive Director	5 out of 5
Rita Tai Lai Ling	Independent non-Executive Director	5 out of 5
Hau Hock Khun	Independent non-Executive Director	3 out of 5
Chu Kan	Independent non-Executive Director	5 out of 5

Date, Time and Place of the Audit Committee Meetings held

Date	Time	Place
28 December 2016	2.25 p.m.	Boardroom No.6 Jalan TSB 1 Taman Industri Sg. Buloh 47000 Sg Buloh Selangor Darul Ehsan
18 January 2017	2.30 p.m.	
28 March 2017	2.00 p.m.	
21 June 2017	2.05 p.m.	
27 September 2017	2.00 p.m.	

2. TERMS OF REFERENCE

Objective

- To serve as a focal point for communication between Non-Committee Directors and external auditors, internal auditors and the management on matters in connection with financial accounting, reporting and controls.

- To assist the Board of Directors in fulfilling its fiduciary responsibilities relating to corporate accounting, system of internal controls, management and financial reporting practices of the Group.

- To enhance the independence of the functions of the Company's external auditors and internal auditors through active participation in the audit progress.

Membership

The Committee shall be appointed by the Board from amongst its members and shall consist of not less than three (3) members, all of whom must be Independent Non-Executive Directors.

At least one (1) member of the Audit Committee:-

1. must be a member of the Malaysian Institute of Accountants; or
2. if he is not a member of the Malaysian Institute of Accountants, must have at least three (3) years working experience and
   a. either have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
   b. a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or

Audit Committee Report (cont'd)

2. TERMS OF REFERENCE (CONT'D)

Membership (cont'd)

3. possess a degree/masters/doctorate in accounting or finance and at least 3 years post qualification experience in accounting or finance; or
4. must have at least 7 years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation; or
5. fulfill such other requirements relating to financial-related qualifications or experience as prescribed or approved by Bursa Malaysia Securities Berhad.

The Chairman of the Committee shall be appointed by the members of the Audit Committee who shall be an Independent Non-Executive Director.

Members of the Committee may relinquish their membership with prior written notice to the Company Secretary and may continue to serve as Director of the Company.

In the event of any vacancy in the Committee, the vacancy shall be filled within 3 months and the Nomination Committee shall review and recommend for the Board's approval another appropriate Director to fill the vacancy.

The Board must ensure that no Alternate Director is appointed as a member of the Audit Committee.

Authority & Rights

The Committee shall in accordance with the procedure determined by the Board and at the cost of the Company:

a. has authority to investigate any activity within its Terms of Reference;
b. has the resources which are required to perform its duties;
c. has full and unrestricted access to any information pertaining to the Group;
d. has direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity(if any);
e. has authority to obtain independent professional or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; and
f. be able to convene meetings with External Auditors, excluding the attendance of executive members of the Group, whenever deemed necessary.

Duties and Responsibilities

a. To consider the appointment of the external auditors, the audit fee and questions of resignation or dismissal;
b. To discuss with the external auditors before the annual audit commences, the nature and scope of the audit plan;
c. To review the quarterly, and annual financial statements of the Company and the Group focusing particularly on:
   (i) Any changes in accounting policies and practices
   (ii) Significant adjustments arising from the audit
   (iii) The going concern assumption
   (iv) Compliance with accounting standards and other legal requirements
d. To discuss problems and reservations arising from the final and any interim audits, evaluation of the system of internal controls and any matters the external auditors may wish to discuss including assistance given by the employees of the Group to the auditors; and to review the auditors' audit report, management letter and management's response.
e. To consider any related party, inter company transactions and conflict of interest that may arise within the Company/Group and any related parties outside the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
f. To review the scope, functions, procedures of internal audit and results of any internal audit conducted and whether or not appropriate actions, where necessary have been taken:
g. Such other functions as may be agreed by the Audit Committee and the Board of Directors.

Audit Committee
Report (cont'd)

2. TERMS OF REFERENCE (CONT'D)

Meeting and Minutes

The meeting shall be held not be less than four (4) times a year. Additionally, the Chairman shall convene a meeting of the Committee if requested to do so by its member, management or the internal or external auditors to consider any matters within the scope and responsibilities of the Committee. The external auditors have the right to appear and be heard at any meeting of the Committee and shall appear before the Committee when required to do so by the Committee. The Committee may invite any Board member or any member of the Senior Management or any relevant employee within the Company who the Committee thinks fit to attend its meetings to assist in resolving and clarifying matters raised in audit reports. Any two (2) members of the Committee present at the meeting shall constitute a quorum. If at any meeting the Chairman of the Committee is not present within 10 minutes after the time appointed for holding the meeting, the Members present may choose one of their numbers who is an Independent Non-Executive Director to be Chairman of the meeting.

The Chairman of the Audit Committee shall engage on a continuous basis with the senior management such as the chairman, chief executive officer, finance director, the head of internal control and the external auditors in order to be kept informed of matters affecting the Company.

The Audit Committee members shall meet with external auditors without Executive Board members at least twice a year.

An Agenda shall be sent to all the members of the Committee and any persons that may be required to attend. Minutes of each meeting shall be kept and distributed to each member of the Committee and also the members of the Board of Directors.

The Company Secretary shall be Secretary of the Committee.

3. SUMMARY OF ACTIVITIES

During the financial year, the Audit Committee conducted its activities in accordance with its existing terms of reference, which included the review of the external auditors' scope of work and annual audit plan.

Five (5) meetings of the Committee were held during the financial year ended 31 October 2017,

a. At each of these Audit Committee's meetings, the Group's finance manager were invited to brief the Audit Committee on specific issues.

b. The reviews of the Group's quarterly and year-to-date unaudited financial statements were made before submission to the Board for their consideration and approval. During the respective Board Meetings, the Chairman of the Audit Committee briefed the Board on issues raised in respect of the financial statements and the recommendations of the Committee thereon.

c. During the review of the Group's twelve-month's financial results, representatives of the External Auditors, Messrs Grant Thornton Malaysia was invited to discuss the Group financial statements for the financial year ended 31 Oct 2017. Management's response to all pertinent issues and findings had been raised and noted by the External Auditors during their examination of the said Group Accounts; together with recommendations in respect of the findings; and

d. Held private meetings and discussions with the internal auditors.

3. SUMMARY OF ACTIVITIES (CONT'D)

e. Reviewed, deliberated the internal audit reports presented and considered the significant findings of internal audit in the Group's operating subsidiaries through the review of internal audit reports tabled and management responses thereto and ensuring significant findings were adequately addressed by Management.

f. Evaluated the performance and independent of the external auditors and made recommendations to the Board on their appointment and audit fees.

g. Reviewed the Directors' Statement on Risk Management and Internal Control for the inclusion in the 2017 Annual Report.

h. Reviewed and confirmed with the Management that the Group did not enter into any related-party transaction during the financial year.

4. INTERNAL AUDIT FUNCTION

The Group's internal audit function had since November 2002 been outsourced to independent consultants, which is independent of its activities and operation and will report to the audit committee on the following:

a. Undertakes the internal audit of the Group's operating units; ascertaining the extent of the units compliance with the established internal control procedures, policies and statutory requirements; highlighting the weaknesses and recommending improvements to the existing systems of controls;
b. Assist in reviewing the adequacy and effectiveness of the Group's processes for controlling its activities;
c. To review and appraise the soundness, adequacy and application of accounting, financial and other controls and promoting effective control in the Company and the Group at reasonable costs; and
d. Periodically provide information on the status and results of the internal audit plan.

During the financial year the audit committee has reviewed internal audit activity that covered Sales, Purchase and Inventory Cycle and the internal audits conducted concluded that critical process risks have been identified and relevant control activities are present (or adequate) to meet the business requirement and did not reveal any material weaknesses which would be require disclosure in the annual report. The costs incurred for the Internal Audit function in respect of the financial year ended 31 October 2017 was approximately RM 18,000.

Nominating Committee

The Nominating Committee comprises the following directors during the financial year

Hau Hock Khun	Chairman, Independent Non-Executive Director
Chu Kan	Independent Non-Executive Director
Rita Tai Lai Ling	Independent Non-Executive Director

(a) The members of the Nomination Committee shall be appointed by the Board from amongst their member, consisting of wholly Non-Executives and shall consist not less than three (3) members.

(b) The members of the Committee shall elect the Chairman from amongst their member who shall be Independent Non-Executive Director.

(c) If the number of members for any reasons fall below three (3), the Committee shall, within three (3) months of that event, review and recommend for the Board's approval appropriate Director to fill the vacancy.

(d) The Company Secretary shall be the Secretary of the Committee.

(e) Directors do not participate in decisions on their own nomination.

(f) The Chairman of the Nomination Committee reports to the Board after each Committee meeting.

TERMS OF REFERENCE

(a) To propose new nominees for the Board and its subsidiaries whether to be filled by Board members, shareholders or executives.

The Committee shall also consider candidates for directorships proposed by the Managing Director and within the bounds of practicality by any other senior executive or any director or shareholder.

(b) To make recommendations to the Board of Directors to fill seats on Board Committees.

(c) To assist the Board annually in reviewing the required mix of skills of experience and other qualities, including core competencies, which Non Executive Directors should bring to the Board.

(d) To annually carry out the process to be implemented by the Board for assessing the effectiveness of the Board as a whole, the Committees of the Board and for assessing the contribution of each individual Director.

(e) To review management's proposals for the appointment, dismissal, transfer and promotions of all executives.

(f) To make recommendations on the re-appointment of Independent Non-Executive Directors at the conclusion of a cumulative term of office of nine (9) years;

Nominating Committee (cont'd)

MEETINGS AND PROCEDURES

Meetings are to be held as and when necessary. The quorum for each meeting shall be two (2). The Committee will decide its own procedures and other administrative arrangements.

Minutes of each meeting shall be kept by the Secretary as evidence that the Committee has discharged its functions. The Chairman of the Committee will report to the Board after each Nomination Committee meeting.

During the financial year ended 31 October 2017, one meeting was held, which was attended by all members of the Nomination Committee and the activities of the Nomination Committee include the following:-

- assessed the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual director. Evaluation and assessment forms were distributed to all Directors for completion and the Chairman of the Nomination Committee had reviewed these evaluation and assessment forms;

- assessed the independence of its Independent Directors;

- reviewed the performance of its Executive Directors;

- reviewed and recommended the re-election of Ms Tan Sook Yee and Mr Hau Hock Khun who shall retire by rotation at the forthcoming Annual General Meeting;

- reviewed and recommended that Mr Chu Kan, Ms Rita Tai Ling and Mr Hau Hock Khun who have served as Independent Non-Executive Directors for a cumulative term of more than almost nine (9) years to continue to act as Independent Non-Executive Directors of the Company pursuant to the Malaysian Code on Corporate Governance 2012.

To carry out the assessment of those directors who are eligible to stand for re-election or re-appointment, the Nomination Committee will base on formal reviews of the performance of the Directors, their contribution to the Board through their skills, experience, strength and qualities, their level of independence and abilities to exercise independent, demonstrate objectivity, clarity of thought during deliberations at meetings and ability to spend sufficient time and commitment to the Company.

That for the annual assessment carried out on the effectiveness of the Board and the Board Committees as a whole, the Nomination Committee was satisfied with the existing Board composition and was of the view that all the Directors and Board Committee of the Company had discharged their responsibility in a commendable manner and had performed competently and effectively. The Board's effectiveness is assessed in the areas of composition, administration and process, accountability and responsibility, conduct and communication.

Statement Of Risk Management
And Internal Control

INTRODUCTION

The Board, in compliance with Paragraph 15.26(b) of Bursa Malaysia Securities Berhad's ("Bursa Malaysia") Main Market Listing Requirements, is pleased to provide the following Statement on Risk Management and Internal Control ("the Statement"). Preparation of the Statement, which outlines the nature and scope of risk management and internal control of the Group during the year, is guided by "Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers" as required by Bursa Malaysia.

THE BOARD'S RESPONSIBILITIES

The Board acknowledges their responsibility for the Group's system of internal controls covering not only financial controls but also operational and compliance controls as well as risk management. The internal control system is designed to meet the Group's particular needs and to manage the risks exposure.

The system includes financial controls, operational and compliance controls and risk management to safeguard the shareholders' investments and the Group's assets. Because of the limitations that are inherent in any system of internal control, the system is designed to manage the principal business risks that may impede the Group from achieving its business objectives, rather than eliminate the risk of failure to achieve to achieve corporate objectives. The system, by its nature, can only provide reasonable but not absolute assurance against any material misstatement or loss.

KEY ELEMENTS OF THE GROUP'S INTERNAL CONTROL

- Clearly defined delegation of responsibilities of the Board, Committee and Management of the Group including authorization levels for all aspect of business. Subsidiary companies have clear accountabilities to ensure appropriate risk management and control procedures are in place;
- Clearly documented internal procedures in the ISO 9001, where applicable, for its subsidiaries;
- Detailed budgeting process whereby subsidiary companies prepare budgets for the coming year which are approved by their respective Boards and endorsed by the Board of H&L;
- Regular and comprehensive information provided to Board of Directors and Management, covering operational and financial performance;
- Monitoring actual results against budget. Significant variances are investigated and followed up, and where necessary management actions are taken;
- Internal audit visit by outsourced internal auditors are to review and appraise the internal control system within the Group in accordance with the approved internal audit plan;
- The Group Chairman and Managing Director provide briefing to the Board on significant changes in the business and external environment, which affect the operation of the Group at large;
- Where areas of improvement in the system are identified, the Board considers the recommendations made by the Audit Committee and the Management; and
- There is an ongoing process for identifying, evaluating and managing the significant risk faced by the Company.
- The Board engages an independent firm of consultants to assist the Board in reviewing and appraising the internal control system within the Group.

RISK MANAGEMENT FRAMEWORK

The Board regularly reviews the Group's key commercial and financial risks together with general risks relating to compliance with laws and regulations so that reasonable level of assurance that the system of controls and operations is appropriate to the Group's situation and that there is an acceptable level of risk throughout the Group's businesses.

In light of the 'Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers' issued by Bursa Malaysia, the Board has re-evaluated its risk management practices to ensure that it is appropriate and continues to remain relevant to the Group's requirements.

Statement Of Risk Management And Internal Control (cont'd)

The Board has approved a Risk Management Framework & Internal Controls System Policy. This policy sets the organizational structure and defines the delegation of responsibilities of the Board, Committees and Management of the Group in Risk Management.

The Board has also approved the Terms of Reference for Risk Management Committee ("RMC") in the Board Charter. The RMC consists of Directors on the Board chaired by the Chairman of the Board and shall meet at least once a year.

BOARD COMMENTARY

During the financial year, the results of findings by the internal audit function, including the recommended corrective actions, were reported directly to the Audit Committee.

The Board is of the opinion that there were no material losses incurred during the financial year as a result of weaknesses in internal control. The Audit Committee considers the report from the internal audit function and comments from Management before making recommendation to the Board to strengthen the internal control system.

The Board has also received assurance from the Managing Director and the Management that the Group's internal control and risk management system is operating adequately and effectively based on the internal controls implemented throughout the Group.

Other Information

AUDIT NON AUDIT FEES

The amount of audit and non audit-fees paid/payable to external auditors and its affiliates for the financial year ended 31 October 2017 were as below

	Audit Fee (RM)	Non-Audit Fee (RM)
Company	22,300	5,000
Group	96,000	5,000

MATERIAL CONTRACTS

During the financial year there were no material contracts entered into by the Company or its subsidiary involving interest of Directors and major shareholders of the Company that have not been reflected in the financial statement.

REPORTS AND FINANCIAL STATEMENTS

Directors' Report

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 October 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is an investment holding company.

The principal activities of its subsidiaries are disclosed in Note 26 to the financial statements.

There have been no significant changes in the nature of these activities of the Company and its subsidiaries during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	5,569,962	1,658,975

DIVIDENDS

The amount of dividends paid and declared since the end of the last financial year were as follows:-

	RM
In respect of the financial year ended 31 October 2016	
First interim single tier dividend of 1.5 cent per ordinary share for total ordinary shares of 36,576,525, paid on 10 February 2017	548,651
Second interim single tier dividend of 2.0 cent per ordinary share for total ordinary shares of 36,576,525, paid on 3 October 2017	731,531
	1,280,182

The Directors do not recommend any final dividend payment for the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the Notes to the financial statements.

Directors' Report
(cont'd)

DIRECTORS

The Directors who held office during the financial year and up to the date of this report are as follow:-

Tan Lye Huat
Tan Sook Yee
Chu Kan
Rita Tai Lai Ling
Hau Hock Khun
Chew Yock Fat

In accordance with Article 97 of the Company's Article of Association, Ms. Tan Sook Yee and Mr. Hau Hock Khum will retire from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

The Directors of the subsidiaries since the beginning of the financial year to the date of this report, not including those Directors listed above are:-

Tan Kim Lai

DIRECTORS' INTERESTS

According to the register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016, the interest and deemed interests in shares of the Company and its related corporations of those who were Directors at financial year end are as follows:-

	Number of ordinary shares			
	At 1.11.2016	**Bought**	**Sold**	**At 31.10.2017**
Company				
Direct interest				
Tan Lye Huat	1,739,272	-	-	1,739,272
Tan Sook Yee	804,756	-	-	804,756
Indirect interest				
Tan Lye Huat*	24,488,869	-	-	24,488,869
Tan Sook Yee*	20,887,124	-	-	20,887,124

* Deemed interest by virtue of the shareholdings in company in which Directors have interest and related persons.

By virtue of their interests in shares of the Company, the Directors, Tan Lye Huat and Tan Sook Yee, are also deemed interest in shares of all the subsidiaries during the financial year to the extent that the Company has an interest under Section 8 of the Companies Act, 2016.

Other than abovementioned, no other Directors at the end of the financial year held any interest in shares of the Company and its related corporations during the financial year.

Directors' Report
(cont'd)

DIRECTORS' REMUNERATION AND BENEFITS

The Directors' remuneration is disclosed in Note 32 to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of previous financial year, no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the Notes to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

ISSUE OF SHARES AND DEBENTURES

There were no new shares or debentures issued during the financial year.

AUDIT COMMITTEE

The members of the Audit Committee are as follows:-

Chew Yock Fat (Independent Non-Executive Director, Audit Committee Chairman)
Chu Kan (Independent Non-Executive Director)
Rita Tai Lai Ling (Independent Non-Executive Director)
Hau Hock Khun (Independent Non-Executive Director)

The functions of the Audit Committee are to review accounting policies, internal controls, financial results and annual financial statements of the Group and of the Company on behalf of the Board of Directors.

In performing its functions, the Committee reviewed the overall scope of external audit. It met with the Group's auditors to discuss the results of their examinations and their evaluation of the system of internal controls of the Group and of the Company.

The Committee also reviewed the assistance given by the officers of the Group and of the Company to the auditors.

The Committee reviewed the financial statements of the Company and the consolidated financial statements of the Group as well as of the auditors' report thereon.

TREASURY SHARES

The shareholders of the Company, by a special resolution passed at an Annual General Meeting held on 28 March 2007, approved the Company's plan to repurchase up to 10% of the issued and paid-up share capital of the Company ("Share Buy Back"). The authority granted by the shareholders was subsequently renewed in the last Annual General Meeting held on 28 March 2017. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the purchase plan can be applied in the best interest of the Company and its shareholders.

The Company has the right to cancel or to resell these shares and/or distributes as dividends at a later date. As treasury shares, the rights attached to voting, dividends and participation in other distribution is suspended. None of the treasury shares repurchased during the financial year had been sold as at the reporting date.

As at the reporting date, the number of ordinary shares in issue after deducting treasury shares against equity is 36,576,525 ordinary shares.

Directors' Report
(cont'd)

OTHER STATUTORY INFORMATION

Before the statements of financial position and statements of profit or loss and other comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:-

(a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no bad debts to be written off and no provision for doubtful debts was required; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:-

(a) which would render it necessary to write off any bad debts or to make any provision for doubtful debts in the financial statements of the Group and of the Company; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

At the date of this report, there does not exist:-

(a) any charge on the assets of the Group and of the Company which have arisen since the end of the financial year which secure the liability of any other person; or

(b) any contingent liability of the Group and of the Company which have arisen since the end of the financial year.

In the opinion of the Directors:-

(a) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

(b) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the current financial year in which this report is made.

There was no indemnity given to or insurance effected for the Directors and Officers of the Group and of the Company.

SUBSIDIARIES

Details of subsidiaries are set out in Note 26 to the financial statements.

Directors' Report
(cont'd)

AUDITORS' REMUNERATION

The Auditors' remuneration is disclosed in Note 28 to the financial statements.

There was no indemnity given to or insurance effected for the auditors of the Company, Messrs Grant Thornton Malaysia.

AUDITORS

The Auditors, Messrs Grant Thornton Malaysia, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors.

....	)	
TAN LYE HUAT	)	
	)	
	)	
	)	
	)	DIRECTORS
	)	
	)	
	)	
	)	
	)	
....	)	
TAN SOOK YEE	)	

Kuala Lumpur
24 January 2018

KUMPULAN H & L HIGH-TECH BERHAD
(Incorporated in Malaysia)

Statement By Directors

In the opinion of the Directors, the financial statements set out on pages 44 to 110 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 October 2017 and their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors.

.... ……...........................……...........................

TAN LYE HUAT TAN SOOK YEE

Kuala Lumpur
24 January 2018

STATUTORY DECLARATION

I, Chong Kong Hui, being the Officer primarily responsible for the financial management of Kumpulan H & L High-Tech Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 44 to 110 and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)
by the abovenamed at Kuala Lumpur)
in the Federal Territory this day of)
24 January 2018) ....……............

CHONG KONG HUI

Before me:

Commissioner for Oaths

Independent Auditors' Report
To The Member Of KUMPULAN H & L HIGH-TECH BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kumpulan H & L High-Tech Berhad, which comprise statements of financial position of the Group and of the Company as at 31 October 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 44 to 110.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 October 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws *(on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the current year. Those matter were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon and we do not express an opinion on these individual matters.

Biological assets

The risk

Refer to the Note 6 to the financial statements. The Group's oil palm plantation development expenditure which total carrying amount is RM 4,958,719. The determination of the net cash flow margin over 30 years is a key judgement area as assumptions made, notably in respect of the future performance of the business and the discount rates applied to feasibility study can result in different outcomes. Improvement in profitability is dependent on oil palm prices and maintaining the nutrition of the land in order to maintaining the quantity of harvest.

Independent Auditors' Report
To The Member Of KUMPULAN H & L HIGH-TECH BERHAD (cont'd)

Our response

We evaluated the Directors' feasibility study and the process by which they were drawn up, including testing the underlying calculations and comparing them to the latest approved segment budgets. We tested the sensitivity of the impairment calculations to changes in key assumptions used by the Directors, evaluate the feasibility study results and assess the reasonableness of the disclosures made. We challenged:-

(a) The Directors' key assumptions for long term growth rates in the forecasts by comparing them to historical results and economic and industry forecasts, and
(b) The discount rate used by assessing the cost of capital and cost of debt for the Group.

Our finding

We found the assumptions to be consistent.

Recoverability of trade receivables

The risk

Refer to the Note 13 to the financial statements. We focused on this area because the Group has material amounts of trade receivables that are past due but not impaired. The key associate risk was recoverability of billed trade receivables due to management judgement is required in determining the completeness of the trade receivables provision and in assessing its adequacy through considering the expected recoverability of the year-end trade receivables.

Our response

We have challenged management's assumptions in calculating the impairment loss for trade receivables. This includes reviewing the ageing of receivables in comparison to previous years, testing the integrity of ageing by calculating the due date for a sample of invoices and reviewing the level of bad debts written off in the current year against the prior year. We also checked the recoverability of outstanding receivables through examination of subsequent cash receipts and tested the operating effectiveness of the relevant control procedures that management has in place.

Our finding

As a result, we satisfied ourselves that impairment for receivables have been provided in line with the policy and we found the estimates to be in line with our expectation.

Inventory valuation

The risk

Refer to the Note 11 to the financial statements. The Group holds a significant amount of inventory which is subject to a risk that the inventories become slow-moving or obsolete, such that they could not be sold or only be sold for selling prices that are less than the carrying value. There is inherent subjectivity and estimation required in determining the accuracy of inventory obsolescence provision and in making an assessment of its adequacy due to consist of risks such as inventory prices not valid and inventory not stated at the lower of cost or net realisable value.

Independent Auditors' Report
To The Member Of KUMPULAN H & L HIGH-TECH BERHAD

Our response

For both finished goods and raw materials, we tested the methodology for calculating the provisions, challenged the appropriateness and consistency of judgements and assumptions, and considered the nature and suitability of historic data used in estimating the provisions. In doing so, we obtained understanding on the ageing profile of inventory, the process for identifying specific problem inventory and historic loss rates.

Our finding

As a result, we satisfied ourselves that both finished goods and raw materials have been prepared in line with the policy and we found the estimates to be in line with our expectation.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprise the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditors' Report
To The Member Of KUMPULAN H & L HIGH-TECH BERHAD (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards of Auditing, we exercise professional judgement and maintain professional scepticism throughout the planning and performance of the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the consolidated financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group in order to express an opinion on the consolidated financial statements.

We communicated with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We have provided to the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determined those matters that were of most significant in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We described these matters in our auditors' report.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

GRANT THORNTON MALAYSIA	FOO LEE MENG
(NO. AF: 0737)	(NO: 03069/07/2019(J))
CHARTERED ACCOUNTANTS	CHARTERED ACCOUNTANT

Kuala Lumpur
24 January 2018

Statements Of Financial Position
As At 31 October 2017

Group	Note	2017 RM	2016 RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	16,176,287	14,480,735
Investment properties	5	55,016,281	49,826,675
Biological assets	6	4,958,719	4,757,244
Land held for property development	7	293,503	546,630
Prepaid land lease payments	8	1,796,424	1,829,744
Other investments	9	165,000	165,000
Total non-current assets		78,406,214	71,606,028
CURRENT ASSETS			
Property development costs	10	510,603	508,455
Inventories	11	4,019,730	3,112,605
Derivative financial assets	12	8,706	1,320
Trade receivables	13	3,453,281	3,642,589
Other receivables	14	325,930	1,541,059
Other investments	9	461,600	410,280
Tax recoverable		39,375	35,674
Deposits with licensed financial institutions	15	10,823,211	11,793,943
Cash and bank balances		5,177,166	3,447,650
Total current assets		24,819,602	24,493,575
TOTAL ASSETS		103,225,816	96,099,603
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to owners of the Company			
Share capital	16	40,612,085	40,612,085
Treasury shares	17	(3,554,493)	(3,554,493)
Revaluation reserve	18	8,041,790	6,003,014
Retained earnings	19	44,992,611	40,702,831
Total equity		90,091,993	83,763,437
LIABILITIES			
Non-current liabilities			
Borrowings	20	3,535,320	4,714,085
Deferred tax liabilities	21	4,257,925	3,318,488
Government grants	22	59,857	119,713
Total non-current liabilities		7,853,102	8,152,286
Current liabilities			
Derivative financial liabilities	23	-	25,200
Trade payables	24	602,338	335,880
Other payables	25	3,022,915	2,446,619
Borrowings	20	1,212,525	1,165,867
Government grants	22	59,856	59,856
Tax payable		383,087	150,458
Total current liabilities		5,280,721	4,183,880
Total liabilities		13,133,823	12,336,166
TOTAL EQUITY AND LIABILITIES		103,225,816	96,099,603

Statements Of Financial Position
As At 31 October 2017 (cont'd)

Company	**Note**	**2017 RM**	**2016 RM**
ASSETS			
NON-CURRENT ASSET			
Investment in subsidiaries	26	23,416,971	23,416,971
Total non-current asset		23,416,971	23,416,971
CURRENT ASSETS			
Other receivables	14	4,872	2,922
Amount due from subsidiaries	26	13,404,211	12,468,863
Deposits with licensed financial institutions	15	1,334,990	2,606,105
Cash and bank balances		964,037	249,451
Total current assets		15,708,110	15,327,341
TOTAL ASSETS		39,125,081	38,744,312
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to owners of the Company			
Share capital	16	40,612,085	40,612,085
Treasury shares	17	(3,554,493)	(3,554,493)
Retained earnings	19	1,982,683	1,603,890
Total equity		39,040,275	38,661,482
LIABILITIES			
Current liabilities			
Other payables	25	84,590	82,690
Tax payable		216	140
Total current liabilities/Total liabilities		84,806	82,830
TOTAL EQUITY AND LIABILITIES		39,125,081	38,744,312

The accompanying notes form an integral part of the financial statements.

Statements Of Profit Or Loss And Other Comprehensive Income
(For The Financial Year Ended 31 October 2017)

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Revenue	27	22,179,165	19,126,807	1,884,000	1,430,400
Cost of sales		(13,846,918)	(12,734,769)	-	-
Gross profit		8,332,247	6,392,038	1,884,000	1,430,400
Other income		3,741,887	3,724,740	29,983	80,079
Selling and distribution expenses		(537,009)	(681,028)	-	-
Administration expenses		(3,074,353)	(3,329,625)	(121,494)	(113,110)
Other expenses		(1,220,958)	(1,372,277)	(130,377)	(125,781)
Finance costs		(251,530)	(312,166)	-	-
Profit before tax	28	6,990,284	4,421,682	1,662,112	1,271,588
Tax expense	29	(1,420,322)	(964,105)	(3,137)	(766)
Profit for the financial year		5,569,962	3,457,577	1,658,975	1,270,822
Other comprehensive income, net of tax *Item that will not be subsequently reclassified to profit or loss* - Revaluation of buildings		2,038,776	216,752	-	-
Total comprehensive income for the financial year		7,608,738	3,674,329	1,658,975	1,270,822
Profit for the financial year attributable to:- Owners of the Company		5,569,962	3,457,577	1,658,975	1,270,822
Total comprehensive income attributable to:- Owners of the Company		7,608,738	3,674,329	1,658,975	1,270,822
Earnings per share attributable to the owners of the Company (sen) - Basic	30	15.23	9.45		
- Diluted	30	-	-		

The accompanying notes form an integral part of the financial statements.

Statements Of Changes In Equity
(For The Financial Year Ended 31 October 2017)

	Non-distributable			Distributable	
	Share capital RM	Revaluation reserve RM	Treasury shares RM	Retained earnings RM	Total RM
Group					
Balance at 1 November 2015	40,612,085	5,786,262	(3,554,493)	37,976,784	80,820,638
Total comprehensive income:-					
Profit for the financial year	-	-	-	3,457,577	3,457,577
Revaluation during the financial year	-	216,752	-	-	216,752
Transaction with owners:-					
Dividends (Note 31)	-	-	-	(731,530)	(731,530)
Balance at 31 October 2016	40,612,085	6,003,014	(3,554,493)	40,702,831	83,763,437
Total comprehensive income:-					
Profit for the financial year	-	-	-	5,569,962	5,569,962
Revaluation during the financial year	-	2,038,776	-	-	2,038,776
Transaction with owners:-					
Dividends (Note 31)	-	-	-	(1,280,182)	(1,280,182)
Balance at 31 October 2017	40,612,085	8,041,790	(3,554,493)	44,992,611	90,091,993
Company					
Balance at 1 November 2015	40,612,085	-	(3,554,493)	1,064,598	38,122,190
Total comprehensive income	-	-	-	1,270,822	1,270,822
Transaction with owners:-					
Dividends (Note 31)	-	-	-	(731,530)	(731,530)
Balance at 31 October 2016	40,612,085	-	(3,554,493)	1,603,890	38,661,482
Total comprehensive income	-	-	-	1,658,975	1,658,975
Transaction with owners:-					
Dividends (Note 31)	-	-	-	(1,280,182)	(1,280,182)
Balance at 31 October 2017	40,612,085	-	(3,554,493)	1,982,683	39,040,275

The accompanying notes form an integral part of the financial statements.

Statements Of Cash Flows
(For The Financial Year Ended 31 October 2017)

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
OPERATING ACTIVITIES				
Profit before tax	6,990,284	4,421,682	1,662,112	1,271,588
Adjustments for:-				
Amortisation of biological assets	226,535	226,536	-	-
Amortisation of prepaid land lease payments	33,320	33,320	-	-
Amortisation on government grants	(59,856)	(59,856)	-	-
Depreciation of property, plant and equipment	1,235,698	1,478,044	-	-
Gross dividend income from other investments	(31,520)	(24,920)	-	-
Fair value gain on investment properties	(2,810,550)	(2,150,000)	-	-
Interest income	(379,534)	(409,762)	(29,983)	(80,079)
Interest expenses	251,530	312,166	-	-
Net unrealised loss on foreign exchange	175,364	144,092	-	-
Loss on disposal of property, plant and equipment	6,278	-	-	-
Gain on disposal of other investments	-	(9,369)	-	-
Fair value (gain)/loss on derivative financial instruments	(32,586)	23,880	-	-
Net fair value (gain)/loss on other investments	(51,320)	1,829	-	-
Operating profit before working capital changes	5,553,643	3,987,642	1,632,129	1,191,509
Changes in working capital:-				
Inventories	(907,125)	351,126	-	-
Receivables	1,433,881	(319)	(1,950)	(1,469)
Payables	844,368	134,175	1,900	2,311
Property development costs	250,979	128,430	-	-
Cash generated from operations	7,175,746	4,601,054	1,632,079	1,192,351
Tax refunded	157,937	13,104	-	-
Tax paid	(1,053,718)	(1,691,691)	(3,061)	(722)
Net cash from operating activities	6,279,965	2,922,467	1,629,018	1,191,629

Statements Of Cash Flows
(For The Financial Year Ended 31 October 2017) (cont'd)

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
INVESTING ACTIVITIES					
Dividend received from other investments		31,520	24,920	-	-
Advances to subsidiary companies		-	-	(935,348)	(1,634,266)
Biological assets expenditure		(428,010)	-	-	-
Interest received		379,534	409,762	29,983	80,079
Proceeds from disposal of property, plant and equipment		8,000	-	-	-
Proceeds from disposal of other investments		-	154,700	-	-
Purchase of property, plant and equipment		(262,928)	(453,469)	-	-
Purchase of investment properties		(2,379,056)	(1,266,675)	-	-
Net cash used in investing activities		(2,650,940)	(1,130,762)	(905,365)	(1,554,187)
FINANCING ACTIVITIES					
Interest paid		(251,530)	(312,166)	-	-
Dividend paid		(1,280,182)	(1,280,178)	(1,280,182)	(1,280,178)
Placement of deposit with licensed financial institutions		(2,636)	(2,496)	-	-
Repayment of borrowings		(1,132,107)	(1,071,472)	-	-
Net cash used in financing activities		(2,666,455)	(2,666,312)	(1,280,182)	(1,280,178)
CASH AND CASH EQUIVALENTS					
Net changes		962,570	(874,607)	(556,529)	(1,642,736)
Effect of exchange rate changes		(206,422)	(47,514)	-	-
Brought forward		15,158,410	16,080,531	2,855,556	4,498,292
Carried forward	A	15,914,558	15,158,410	2,299,027	2,855,556

NOTE TO THE STATEMENTS OF CASH FLOWS

A. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following items:-

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Cash and bank balances	5,177,166	3,447,650	964,037	249,451
Deposits with licensed financial institutions (Note 15)	10,823,211	11,793,943	1,334,990	2,606,105
	16,000,377	15,241,593	2,299,027	2,855,556
Less: Deposit pledged with licensed financial institutions	(85,819)	(83,183)	-	-
	15,914,558	15,158,410	2,299,027	2,855,556

The accompanying notes form an integral part of the financial statements.

Notes To The Financial Statements
31 October 2017

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. The principal place of business of the Company is located at No. 6, Jalan TSB 1, Taman Industri Sungai Buloh, 47000 Sungai Buloh, Selangor Darul Ehsan.

The principal activity of the Company is an investment holding company.

The principal activities of its subsidiaries are disclosed in Note 26 to the financial statements.

There have been no significant changes in the nature of these activities of the Company and its subsidiaries during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 24 January 2018.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (“FRS”) and the requirements of the Companies Act, 2016 in Malaysia.

2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, except for certain properties that are measured at revalued amounts or fair values at the end of each reporting period as indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial market takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.2 Basis of Measurement (cont'd)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:-

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting period.

The Group has established control framework in respect to the measurement of fair values of financial instruments. This includes a certified independent valuer that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Board of Directors. The certified independent valuer will review significant unobservable inputs and valuation adjustments.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

2.3 Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.

2.4 Financial Reporting Standards ("FRSs")

2.4.1 Adoption of Amendments/Improvements to FRSs and IC Interpretations ("IC Int")

The Group and the Company have consistently applied the accounting policies set out in Note 3 to the financial statements to all periods presented in these financial statements.

At the beginning of the current financial year, the Group and the Company adopted amendments/improvements to FRSs and IC Int which are mandatory for the financial periods beginning on or after 1 November 2016.

Initial application of the amendments/ improvements to FRSs and IC Int did not have material impact on the financial statements of the Group and of the Company.

Notes To The Financial Statements
(cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.4 Financial Reporting Standards ("FRSs") (Cont'd)

2.4.2 Standards Issued but Not Yet Effective

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the Malaysian Accounting Standards Board ("MASB") but are not yet effective, and have not been early adopted by the Group and the Company.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's and the Company's accounting policies for the first period beginning after the effective date of the pronouncement.

Information on new standards, amendments and interpretations that are expected to be relevant to the Group's and the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have material impact on the Group's and the Company's financial statements.

FRS 9 Financial Instruments

FRS 9 replaces FRS 139 Financial Instruments: Recognition and Measurement and all previous version of FRS 9. The new standard introduces extensive requirements and guidance for classification and measurement of financial assets and financial liabilities which fall under the scope of FRS 9, new "expected credit loss model" under the impairment of financial assets and greater flexibility has been allowed in hedge accounting transactions. Upon adoption of FRS 9, financial assets will be measured at either fair value or amortised cost. It is also expected that the Company's investment in unquoted shares will be measure at fair value through other comprehensive income.

This standard will come into effect on or after 1 January 2018 with early adoption permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of FRS 9 will result in a change in accounting policy. The Company is currently assessing the financial impact of adopting FRS 9.

FRS 15 Revenue from Contracts with Customers

FRS 15 presents new requirements for the requirements for the recognition of revenue, replacing the guidance of FRS 111 Construction Contracts, FRS 118 Revenue, IC Interpretation 13 Customer Loyalty Programmes, IC Interpretation 15 Agreements for Construction of Real Estate, IC Interpretation 18 Transfers of Assets from Customers and IC Interpretation 131 Revenue – Barter Transaction Involving Advertising Services. The principles in FRS 15 provide a more structured approach to measuring and recognising revenue. It establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled for transferring goods or services to a customer.

This standard will come into effect on or after 1 January 2018 with early adoption permitted. The adoption of FRS 15 will result in a change in accounting policy. The Company is currently assessing the financial impact of adopting FRS 15.

Notes To The Financial Statements (cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.4 Financial Reporting Standards ("FRSs") (Cont'd)

2.4.2 Standards Issued but Not Yet Effectiv (Cont'd)

FRS 16 Leases

FRS 16 replaces FRS 117 Leases and all previous version of FRS 117. This Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

This standard will come into effect on or after 1 January 2019 with early adoption permitted, provided FRS 15 Revenue from Contract with Customers is also applied. The adoption of FRS 16 will result in a change in accounting policy. The Company is currently assessing the financial impact of adopting FRS 16.

2.4.3 Malaysian Financial Reporting Standards ("MFRSs")

To converge with International Financial Reporting Standards in 2012, the MASB had on 19 November 2011, issued a new MASB approved accounting framework, the MFRSs, which are mandatory for annual financial periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141, Agriculture and IC Interpretation 15, Agreements for Construction of Real Estate, including its parent, significant investor and venture ("Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRSs for an additional one year. Consequently, adoption of the MFRSs by Transitioning Entities will be mandatory for annual financial periods beginning on or after 1 January 2014. On 4 July 2012, the MASB has decided to allow Transitioning Entities to defer the adoption of the MFRSs Framework for another year. On 7 August 2014, the MASB has again decided to allow Transitioning Entities to defer the adoption of the MFRS Framework for another year. On 2 September 2015, the MASB had announced that the Transitioning Entities shall be required to apply the MFRSs Framework for annual financial periods beginning on or after 1 January 2017. On 8 September 2016, MASB announced that the effective date of MFRS 15 will be deferred to annual financial periods beginning on or after 1 January 2018, following the recent press release by the International Accounting Standards Board confirming a one-year deferral of IFRS 15-Revenue from Contracts with Customers. Consequently, the effective date for Transitioning Entities to apply the MFRSs will also be deferred to annual financial period beginning on or after 1 January 2018.

A subsidiary of the Company falls within the scope of definition of Transitioning Entities and has opted to defer the adoption of the new MFRSs Framework. Accordingly, the Group will be required to prepare its first set of financial statements using the MFRSs Framework for the financial year ending 31 October 2019.

The subsidiaries which are not Transitioning Entities had adopted MFRSs on 1 November 2012.

The Group and the Company are currently assessing the impact of adoption of MFRSs 1, First-time Adoption of Malaysian Financial Reporting Standards, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRSs 1.

Thus, the impact of adopting the new MFRSs Framework on the Group's and the Company's first set of financial statements prepared in accordance with the MFRS Framework cannot be determined and estimated reliably until the process is completed.

Notes To The Financial Statements
(cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.5 Significant Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management and will seldom equal the estimated result.

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

Income Taxes/Deferred Tax Liabilities

Some judgement is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determation is uncertain during the ordinary course of business. The Group recognised tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses, unabsorbed capital allowances and unutilised reinvestment allowances to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences, unutilised tax losses, unabsorbed capital allowances and unutilised reinvestment allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statement of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

The recognised and unrecognised deferred tax assets during the financial year of the Group have been fully described in Note 21 to the financial statements.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.5 Significant Accounting Estimates and Judgements (Cont'd)

Key Sources of Estimation Uncertainty (cont'd)

Fair Value Measurement and Valuation Processes

Some of the Group's assets are measured at fair value for financial reporting. Significant judgment is involved in determining the appropriate valuation techniques and inputs for fair value measurements where active market quotes are not available.

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in measuring the assets. Where Level 1 inputs are not available, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting date. For the valuation of land and buildings, the Group engages third party qualified valuers to perform the valuation.

Information about the valuation techniques and inputs used in determining the fair value of various assets are disclosed in the Notes 4 and 5 to the financial statements.

Fair Value of Derivatives Financial Instruments

The fair values of outstanding derivative transactions are based on fair values obtained from major financial institutions. Changes in the underlying assumptions could impact in the profit or loss.

Significant Management Judgement

The significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements are as follow:-

Deferred Tax Assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

Leases

In applying the classification of leases in FRS 117, management considers some of its leases of leasehold land as operating lease arrangements. The lease transaction is not always conclusive, and management uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership, whether the lease term is for the major part of the economic life of the asset even if title is not transferred and others in accordance with FRS 117 Leases.

Notes To The Financial Statements
(cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.5 Significant Accounting Estimates and Judgements (Cont'd)

Significant Management Judgement (cont'd)

The significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements are as follow (cont'd):-

Classification between Investment Properties and Owner-Occupied Properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Available-for-sale Investment

The Group reviews its available-for-sale investments at each reporting date to assess whether they are impaired. The Group also records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. No further impairment loss has been provided for available-for-sale investment during the financial year.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies, as summarised below, consistently throughout all periods presented in the financial statements, unless otherwise stated.

3.1 Basis of Consolidation

The Group financial statements consolidate the audited financial statements of the Company and all of its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and of its subsidiaries are all drawn up to the same reporting period.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Business Combinations

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received (for all the acquisition took place after 1 November 2009).

All the subsidiaries within the Group are acquired before 1 November 2009. Thus, the cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

If business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree, if any, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of the non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statements of financial position. For instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Notes To The Financial Statements
(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investment in subsidiaries are stated at cost less impairment losses in the Company's financial position, unless the investment is held for sale or distribution. The cost of investments includes transaction costs. Where an indication of impairment exists, the carrying amount of the subsidiary is assessed and written down immediately to its recoverable amount.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

3.3 Loss of Control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary company. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3.4 Property, Plant and Equipment

All property, plant and equipment are measured at cost less accumulated depreciation and less any impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

Buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity, to ensure that the carrying amount does not differ materially from the fair value of the buildings at the end of the reporting period.

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of buildings is recognised in other comprehensive income and credited to the 'revaluation reserve' in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of buildings are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to other comprehensive income.

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, Plant and Equipment (cont'd)

Depreciation is recognised on the straight line method in order to write off the cost of each asset over its estimated useful life. Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:-

Factory and buildings	2%
Plant and machinery	10% - 20%
Motor vehicles	20%
Office equipment, furniture and fittings	10% - 20%
Warehouse	10%
Renovations	10%
Tools and utensils	10% - 14%
Electrical installation	10%
Staff quarters	25%

Capital work-in-progress consists of tools and utensils under construction/installation for intended use as production facilities. The amount is stated at cost until the property, plant and equipment are ready for their intended use. Assets under construction are not depreciated until it is completed and ready for their intended use.

The residual values, useful life and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable or at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and expected pattern of consumption of future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss in the financial year in which the asset is decognised.

3.5 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

Finance Lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leasehold land which is substance is a finance lease is classified as a property, plant and equipment.

Notes To The Financial Statements
(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Leases (cont'd)

Operating Lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statements of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

The Group had previously revalued its leasehold land in year 2002 and has retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provisions in FRS 117. The Group's prepaid lease payment are amortised on a straight line basis over the lease term of 94 years.

3.6 Investment Properties

Investment properties consist of land and buildings held for capital appreciation or rental purpose and not occupied or only an insignificant portion is occupied for use or in the operations of the Group.

Investment properties are initially measured at cost. The cost of investment properties includes expenditure that is directly attributable to the acquisition of the assets. Subsequent to initial recognition, investment properties are stated at fair value and are revalued annually, which is determined by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued and supported with by market evidence. Gain or losses arising from changes in the fair value of investment properties are included in the profit or loss in the financial year in which they arise.

Investment properties are derecognised when either they are disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the financial year in which they arise.

3.7 Biological Assets

Plantation Development Expenditure – Oil Palm Plantation

Planting expenditure of new oil palm plantations and leasehold land rental attributable to the plantation incurred up to the time of maturity have been capitalised as biological assets.

Any other costs related to the development of new plantation are included as part of the capitalisation of immature planting cost.

As and when the new oil palm plantation mature, the planting expenditure will be taken to the profit or loss as revenue expenditure.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Biological Assets (cont'd)

Plantation Development Expenditure – Oil Palm Plantation (cont'd)

The capitalised pre-cropping cost is not amortised, which represents costs incurred in planting in the original estates, as their values are maintained through replanting programmes.

The capitalised costs will be amortised to the profit or loss and the amortisation is on a straight-line basis over the economic useful lives of the trees as follows:-

Biological assets	22 years

3.8 Land Held for Property Development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost plus incidental costs directly attributable to acquisition less any accumulated impairment losses.

Land held for property development is classified as property development cost at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

3.9 Property Development Costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the outcome of a development activity can be estimated reliably, property development revenue and expenses are recognised in the profit or loss by using the percentage of completion method. The percentage of completion is determined by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract cost.

When the outcome of a development activity cannot be estimated reliably, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on development units sold are recognised as an expense in the period in which they are incurred.

Irrespective of whether the outcome of a property development activity can be estimated reliably, when it is probable that total property development costs (including expected defect liability expenditure) will exceed total property development revenue, any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset and are stated at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the profit or loss is classified as progress billings within trade payables.

Notes To The Financial Statements
(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Inventories

Inventories comprising raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value.

Cost is determined on a first-in-first-out method. The costs of raw materials comprise costs of purchase plus the cost of bringing the inventories to their present condition and location. The costs of work-in-progress and finished goods comprise raw materials, direct labour, other direct costs and appropriate proportions of production overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Write-down to net realisable value and inventory losses are recognised as an expense when it occurred and any reversal is recognised in the profit or loss in the period in which it occurs.

3.11 Financial Instruments

3.11.1 Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

3.11.2 Financial Assets - Categorisation and Subsequent Measurement

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:-

(a) financial assets at fair value through profit or loss;
(b) held-to-maturity investments;
(c) loans and receivables; and
(d) available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each end of the reporting period. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

Notes To The Financial Statements
(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Financial Instruments (cont'd)

3.11.2 Financial Assets - Categorisation and Subsequent Measurement (cont'd)

The Group does not have held-to-maturity investments and the Company does not have financial assets at fair value through profit or loss, available-for-sale financial assets and held-to-maturity investments. Other categories of financial assets are described below:-

<u>Financial Assets at Fair Value through Profit or Loss</u>

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments (including separated embedded derivatives) which are acquired principally for the purpose of selling in the near term fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Subsequent to initial recognition, assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of derivative financial instruments are determined by reference to active market transactions or using a valuation technique where no active market exists. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other expenses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

<u>Loans and Receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. The Group's and the Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the end of the reporting period which are classified as non-current.

Notes To The Financial Statements
(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Financial Instruments (cont'd)

3.11.2 Financial Assets - Categorisation and Subsequent Measurement (cont'd)

Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's available-for-sale financial assets include the equity instruments.

Available-for-sale financial assets are measured at fair value subsequent to the initial recognition. Gains and losses are recognised in other comprehensive income and reported within the available-for-sale reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income.

Interest calculated using the effective interest method and dividends are recognised in profit or loss. Dividends on an available-for-sale equity are recognised in profit or loss when the Group's right to receive payment is established.

Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the end of the reporting period.

3.11.3 Financial Liabilities - Categorisation and Subsequent Measurement

After the initial recognition, financial liability is classified as:-

(a) financial liability at fair value through profit or loss;
(b) other liabilities measured at amortised cost using the effective interest method; and
(c) financial guarantee contracts.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

The Group's financial liabilities include derivative financial liabilities, borrowings, trade and other payables. The Company's financial liabilities include other payables.

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Financial Instruments (cont'd)

3.11.3 Financial Liabilities - Categorisation and Subsequent Measurement (cont'd)

Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, contingent consideration in a business combination and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group that are not financial guarantee contracts or do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

Other Liabilities Measured at Amortised Cost

Other liabilities are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Financial Guarantee Contracts

Financial guarantee contracts issued by the Group and the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specific debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

3.11.4 Derivative Financial Instruments

Derivative financial instruments are initially recognised at fair value at the date a derivative financial instrument contract is entered into and are subsequently remeasured to their fair value at the end of each reporting date. The resulting gain or loss is recognised in the profit or loss immediately.

A derivative financial instrument with a positive fair value is recognised as a financial asset whereas a derivative financial instrument with a negative fair value is recognised as a financial liability. A derivative financial instrument is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivative financial instruments are presented as current assets or current liabilities.

3.11.5 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Notes To The Financial Statements
(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Impairment of Financial Assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

Trade and Other Receivables and Other Financial Assets Carried at Amortised Cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Unquoted Equity Securities Carried at Cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Available-for-sale Financial Assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Impairment of Financial Assets (cont'd)

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

3.13 Impairment of Non-Financial Assets

At each reporting date, the Group and the Company review the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. Non-financial asset is tested for impairment annually at financial year end or more frequently if events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level.

If any such indication exists, or when annual impairment testing for an asset is required, the recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount of the asset or a cash-generating unit is less than its carrying amount. Recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

An impairment loss is recognised as an expense in profit and loss immediately except for assets that were previously revalued where the revaluation surplus was taken to other comprehensive income. In this case the impairment loss is also recognised in other comprehensive income up to the amount of any previous revaluation surplus.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior financial years.

All reversals of impairment losses are recognised as income immediately in profit or loss unless the asset is measured at revalued amount, in which case the reversal as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the revised carrying amount of the asset, less any residual value, on a systematic basis over its remaining useful life.

3.14 Foreign Currency Transactions and Balances

Transactions in foreign currencies are recorded in the respective functional currency of the Company and its subsidiaries at exchange rates approximating those ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at reporting date. Non-monetary items that are measured at historical cost are translated at the dates of the initial transactions and those items measured at fair value in foreign currency are translated at the date when the fair value was determined.

Gains and losses resulting from settlement of such transactions and conversion of short term assets and liabilities, whether realised or unrealised, are included in profit or loss as they arise.

Notes To The Financial Statements
(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and deposits pledged to licensed financial institutions which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statements of financial position, cash and cash equivalents restricted to be used to settle a liability of 12 months or more after the reporting date is classified as non-current asset.

3.16 Tax Expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current Tax

Current tax is the expected tax payable or receivable on the taxable profit or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Current tax is recognised in the statements of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

Deferred Tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date, except for investment properties carried at fair value model. Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 3.6 to the financial statements, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Tax Expense (cont'd)

Deferred Tax (cont'd)

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

3.17 Government Grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that the Group and the Company will comply with the conditions attaching to them and the grants will be received.

Government grant used for financial support, assistance or to reimburse costs incurred by the Group and the Company are recognised in the profit or loss on the straight line basis over the expected lives of 5 years of the related products.

3.18 Revenue Recognition

Revenue is recognised when it is probable that the economic benefits with the transaction will flow to the Group and the Company and the amount of the revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable.

(a) Revenue from joint property development project is recognised when the right to receive distribution is established.

(b) Revenue from sale of goods is recognised as income upon delivery of goods and customers' acceptance, net of discounts and sales returns.

(c) Rental income is recognised on accrual basis unless collectibility is in doubt.

(d) Dividend income is recognised when the shareholders' right to receive payment is established.

(e) Interest income is recognised on time proportion basis taking into account the principal outstanding and the effective rate over the period to maturity when it is determined that such income will accrue to the Group and the Company.

Notes To The Financial Statements
(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Employee Benefits

Short-term Employee Benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial year, in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as expenses in the profit or loss as incurred. As required by law, the Group makes such contributions to the Employees Provident Fund ("EPF").

3.20 Equity, Reserves and Distributions to Owners

Ordinary shares are classified as equity which are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity.

The transaction cost of an equity transaction which comprise only those incremental external costs directly attributable to the equity transaction are accounted for as a deduction from share premium, net of tax from the proceeds.

With the Companies Act, 2016 ("New Act") coming into effect in 31 January 2017, the credit standing in the share premium account has been transferred to the share capital account pursuant to subsection 618(3) and 618(4) of the New Act. The Company may exercise its right to use the credit amounts being transferred from share premium account within 24 months after the commencement of the New Act.

The revaluation reserve within equity comprises gains and losses due to the revaluation of property, plant and equipment.

Retained earnings include all current and prior period accumulated profits.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grants the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Final dividends proposed by the Directors are not accounted for in shareholders' equity as an appropriation of retained earnings, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognsied as a liability.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 Equity, Reserves and Distributions to Owners (cont'd)

The distribution of non-cash assets to owners is recognised as dividend payable when the dividend was approved by shareholders. The dividend payable is measured at the fair value of the shares to be distributed. At the end of the financial year and on the settlement date, the Company reviews the carrying amount of the dividend payable, with any changes in the fair value of the dividend payable recognised in equity. When the Company settles the dividend payable, the difference between the carrying amount of the dividend distributed and the carrying amount of the dividend payable is recognised as a separate line item in profit or loss.

All transactions with owners of the Company are recorded separately within equity.

3.21 Treasury Shares

When issued shares of the Company are repurchased, the consideration paid, including directly attributable costs is presented as a change in equity. Repurchased shares that have not been cancelled are classify as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the profit or loss on the sale, reissuance or cancellation of treasury shares.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

When treasury shares are reissued by resale, the difference between the sale consideration net of directly attributable costs and the carrying amount of the treasury shares is shown as a movement in equity.

3.22 Borrowing Costs

Borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

3.23 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Additional disclosures on each of these segments are shown in Note 37 to the financial statements.

3.24 Earnings per Ordinary Share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group based on the weighted average number of ordinary shares in issue during the period.

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group based on the weighted average number of shares in issue, for the effects of all dilutive potential ordinary shares during the period.

Notes To The Financial Statements
(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.25 Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

3.26 Provision

Provision for liabilities are recognised when the Group and Company have present legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditure expected to be required to settle the obligation.

3.27 Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements ("the reporting entity"). A related party transaction is a transfer of resources, services or obligations between the reporting entity and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the reporting entity if that person:-

(i) Has control or joint control over the reporting entity;
(ii) Has significant influence over the reporting entity; or
(iii) Is a member of the key management personnel of the reporting entity.

(b) An entity is related to the reporting entity if any of the following conditions applies:-

(i) The entity and the reporting entity are members of the same group;
(ii) One entity is an associate or joint venture of the reporting entity;
(iii) Both entities are joint ventures of the same third party;
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity;
(vi) The entity is controlled or jointly-controlled by a person identified in the preceding paragraph above;
(vii) A person who has control or joint control over the reporting entity has significant influence over the entity or is a member of the key management personnel of the entity; or
(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Notes To The Financial Statements
(cont'd)

4. PROPERTY, PLANT AND EQUIPMENT

Group	-At valuation- Factory and buildings RM	At cost Staff quarters RM	Plant and machinery RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Warehouse RM	Renovations RM	Electrical installation RM	Tools and utensils RM	Tools and utensils under construction RM	Total RM
Cost or valuation											
At 1.11.2015	11,325,405	-	33,291,434	4,511,254	5,663,969	867,200	1,286,731	1,090,388	4,829,849	4,633	62,870,863
Revaluation adjustment	60,000	-	-	-	-	-	-	-	-	-	60,000
Additions	50,795	-	124,700	126,350	6,624	-	-	-	145,000	-	453,469
Written off	-	-	-	-	(2,000)	-	-	-	(85,500)	-	(87,500)
At 31.10.2016	11,436,200	-	33,416,134	4,637,604	5,668,593	867,200	1,286,731	1,090,388	4,889,349	4,633	63,296,832
Reclassification	(193,949)	193,949	-	-	-	-	-	-	-	-	-
Additions	-	42,647	26,725	135,700	47,586	-	-	10,270	-	-	262,928
Disposal	-	-	(231,240)	-	(18,486)	-	-	-	-	-	(249,726)
Revaluation adjustment	2,440,000	-	-	-	-	-	-	-	-	-	2,440,000
At 31.10.2017	13,682,251	236,596	33,211,619	4,773,304	5,697,693	867,200	1,286,731	1,100,658	4,889,349	4,633	65,750,034

Notes To The Financial Statements
(cont'd)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (cont'd)	-At valuation- Factory and buildings RM	---- At cost ---- Staff quarters RM	Plant and machinery RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Warehouse RM	Renovations RM	Electrical installation RM	Tools and utensils RM	Tools and utensils under construction RM	Total RM
Accumulated depreciation											
At 1.11.2015	50,464	-	31,824,015	3,484,886	5,339,196	545,081	965,801	1,088,276	4,353,034	-	47,650,753
Charge for the financial year	271,591	-	475,542	376,300	94,705	69,677	69,689	848	119,692	-	1,478,044
Revaluation adjustment	(225,200)	-	-	-	-	-	-	-	-	-	(225,200)
Written off	-	-	-	-	(2,000)	-	-	-	(85,500)	-	(87,500)
At 31.10.2016	96,855	-	32,299,557	3,861,186	5,431,901	614,758	1,035,490	1,089,124	4,387,226	-	48,816,097
Reclassification	(96,855)	96,855	-	-	-	-	-	-	-	-	-
Charge for the financial year	242,600	43,570	349,692	283,400	75,124	68,305	66,331	1,990	104,686	-	1,235,698
Revaluation adjustment	(242,600)	-	-	-	-	-	-	-	-	-	(242,600)
Disposal	-	-	(218,115)	-	(17,333)	-	-	-	-	-	(235,448)
At 31.10.2017	-	140,425	32,431,134	4,144,586	5,489,692	683,063	1,101,821	1,091,114	4,491,912	-	49,573,747
Net carrying amount											
31.10.2017	13,682,251	96,171	780,485	628,718	208,001	184,137	184,910	9,544	397,437	4,633	16,176,287
31.10.2016	11,339,345	-	1,116,577	776,418	236,692	252,442	251,241	1,264	502,123	4,633	14,480,735

Notes To The Financial Statements (cont'd)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) The buildings were revalued in the financial year 2017, based on valuation carried out by an independent professional valuer, Chong Chow Fook, MRICS, MPEPS, Chartered Valuation Surveyor and registered valuer (V595) of MacReal International Sdn. Bhd. on an open market value basis to reflect the market value of existing use. The comparison method was adopted in arriving at the market value of the buildings. There have been no changes to the valuation technique during the financial year.

Buildings at valuation are categorised at Level 2 fair value.

<u>Level 2 Fair Value</u>

Level 2 fair values of factory and buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

At the reporting date, had the revalued factory and buildings of the Group carried under the cost model, the carrying amount would have been at RM3,181,709 (2016: RM3,316,745).

(b) The cost of motor vehicles of the Group amounted to RM510,451 (2016: RM510,451) is held in trust in the name of a Director of the Group. The net carrying amount of the motor vehicles is RMNil (2016: RMNil).

5. INVESTMENT PROPERTIES

Group	Freehold land RM	Leasehold land RM	Freehold buildings RM	Leasehold buildings RM	Total RM
Fair value					
At 1 November 2015	23,470,000	8,820,000	13,850,000	270,000	46,410,000
Addition	1,266,675	-	-	-	1,266,675
Fair value adjustment	1,910,000	110,000	130,000	-	2,150,000
At 31 October 2016	26,646,675	8,930,000	13,980,000	270,000	49,826,675
Addition	1,200,000	1,179,056	-	-	2,379,056
Fair value adjustment	2,500,000	-	310,550	-	2,810,550
At 31 October 2017	30,346,675	10,109,056	14,290,550	270,000	55,016,281

The tittle deed of the Group's leasehold land amounting to RM1,179,056 (2016: Nil) is yet to be issued by the relevant authority.

Notes To The Financial Statements
(cont'd)

5. INVESTMENT PROPERTIES (CONT'D)

Freehold land and building and leasehold land and building of a subsidiary with net carrying amount of RM33,810,550 (2016: RM30,975,000) and RM1,050,000 (2016: RM1,050,000) respectively have been charged to a financial institution for credit facility granted to the subsidiary as disclosed in Note 20 to the financial statements.

Income and expenses recognized in profit or loss:-

	Group	
	2017	**2016**
	RM	**RM**
Rental income from investment properties	1,303,866	2,026,558
Direct operating expenses for investment properties	111,810	111,680

Fair value basis of investment properties

Investment properties are stated at fair value, which has been determined based on valuations at the end of the reporting period. As at 31 October 2017, the fair values of the investment properties are based on valuations performed by an accredited independent valuers with recent experience in the location and category of properties being valued. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the financial year.

Fair value measurement of the investment properties were categorised as follows:-

	Group	
	Level 2	**Level 2**
	2017	**2016**
	RM	**RM**
Recurring fair value measurements:-		
Freehold land	30,346,675	26,646,675
Leasehold land	10,109,056	8,930,000
Freehold buildings	14,290,550	13,980,000
Leasehold buildings	270,000	270,000

<u>Level 2 Fair Value</u>

Level 2 fair values of freehold and leasehold land and buildings, have generally derived using the sales comparison approach. Sales price comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Notes To The Financial Statements
(cont'd)

6. BIOLOGICAL ASSETS

Group

Biological assets consist of plantation development expenditure in relation to oil palm plantations.

	2017 RM	2016 RM
Cost		
At 1 November 2016/2015	5,042,010	5,042,010
Additions	428,010	-
At 31 October	5,470,020	5,042,010
Accumulated amortisation		
At 1 November 2016/2015	284,766	58,230
Amortisation changed to profit or loss	226,535	226,536
At 31 October	511,301	284,766
Net carrying amount		
At 31 October	4,958,719	4,757,244

7. LAND HELD FOR PROPERTY DEVELOPMENT

Group	2017 RM	2016 RM
Freehold land		
Cost		
At 1 November 2016/2015	546,630	739,829
Transferred to property development costs	(253,127)	(193,199)
At 31 October	293,503	546,630

Title deeds of the freehold land are currently surrendered to Perak state authority as part of the conditions for the property development project entered by a subsidiary.

Notes To The Financial Statements
(cont'd)

8. PREPAID LAND LEASE PAYMENTS

Group	**Long leasehold land**	
	2017	**2016**
Cost	**RM**	**RM**
At 1 November 2016/2015/31 October	2,136,309	2,136,309
Accumulated amortisation		
At 1 November 2016/2015	306,565	273,245
Amortisation charged to profit or loss	33,320	33,320
At 31 October	339,885	306,565
Net carrying amount		
At 31 October	1,796,424	1,829,744

	2017	**2016**
	RM	**RM**
<u>Amount to be amortised</u>		
Not later than one year	33,320	33,320
Later than one year but not later than five years	133,280	133,280
Later than five years	1,629,824	1,663,144
	1,796,424	1,829,744

Long leasehold land represents leasehold land with unexpired lease period of more than 50 years.

9. OTHER INVESTMENTS

Group	**Golf club membership RM**	**Unquoted shares in Malaysia RM**	**Quoted shares in Malaysia RM**	**Total RM**
2017				
Non-current				
Available-for-sale financial assets	180,000	50,000	-	230,000
Less: Impairment loss	(65,000)	-	-	(65,000)
	115,000	50,000	-	165,000
Current				
Financial assets at fair value through profit or loss	-	-	461,600	461,600
	115,000	50,000	461,600	626,600

Notes To The Financial Statements (cont'd)

9. OTHER INVESTMENTS (CONT'D)

Group (cont'd)	Golf club membership RM	Unquoted Shares in Malaysia RM	Quoted Malaysia RM	Total RM
2017 (cont'd)				
Representing items:-				
At cost	115,000	50,000	-	165,000
At fair value	-	-	461,600	461,600
	115,000	50,000	461,600	626,600
Market value of quoted investments	-	-	461,600	461,600
2016				
Non-current				
Available-for-sale financial assets	180,000	50,000	-	230,000
Less: Impairment loss	(65,000)	-	-	(65,000)
	115,000	50,000	-	165,000
Current				
Financial assets at fair value through profit or loss	-	-	410,280	410,280
	115,000	50,000	410,280	575,280
Representing items:-				
At cost	115,000	50,000	-	165,000
At fair value	-	-	410,280	410,280
	115,000	50,000	410,280	575,280
Market value of quoted investments	-	-	410,280	410,280

10. PROPERTY DEVELOPMENT COSTS

	Freehold land	
Group	**2017 RM**	**2016 RM**
At 1 November 2016/2015	508,455	443,686
Transferred from land held for property development	253,127	193,199
Transferred to profit and loss	(250,979)	(128,430)
At 31 October	510,603	508,455

Title deeds of the freehold land are currently surrendered to Perak state authority as part of the conditions for the property development project entered by a subsidiary.

Notes To The Financial Statements
(cont'd)

11. INVENTORIES

Group	2017 RM	2016 RM
Raw materials	1,058,530	1,131,982
Work-in-progress	837,614	421,187
Finished goods	2,123,586	1,559,436
	4,019,730	3,112,605
Recognised in profit or loss:-		
Inventories recognised in cost of sales	11,045,319	12,059,547

12. DERIVATIVE FINANCIAL ASSETS

Group	2017 RM	2016 RM
Positive fair value on:-		
Currency forward contract	8,706	1,320

As at the reporting date, the contracted underlying principal amount of the Group's currency forward contract is RM922,239 (2016: RM229,930).

13. TRADE RECEIVABLES

Group	2017 RM	2016 RM
Trade receivables	3,453,281	3,642,589

Trade receivables are non-interest bearing and are recognised at their original invoice amounts which represents their fair values on initial recognition.

Notes To The Financial Statements (cont'd)

13. TRADE RECEIVABLES (CONT'D)

Group (cont'd)

The ageing analysis of trade receivables are as follows:-

	Gross RM	Individually Impaired RM	Net RM
2017			
Within credit terms	2,115,652	-	2,115,652
Past due 1-30 days but not impaired	919,691	-	919,691
Past due 31-120 days but not impaired	363,699	-	363,699
Past due more than 120 days but not impaired	54,239	-	54,239
	3,453,281	-	3,453,281

	Gross RM	Individually Impaired RM	Net RM
2016			
Within credit terms	2,183,300	-	2,183,300
Past due 1-30 days but not impaired	1,267,135	-	1,267,135
Past due 31-120 days but not impaired	128,814	-	128,814
Past due more than 120 days but not impaired	63,340	-	63,340
	3,642,589	-	3,642,589

The normal credit terms given to the customers range from 30 to 75 days (2016: 30 to 75 days). Other credit terms are assessed and approved on a case-by-case basis.

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

As at 31 October 2017, trade receivables of RM1,337,629 (2016: RM1,459,289) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Notes To The Financial Statements
(cont'd)

14. OTHER RECEIVABLES

Group	**2017 RM**	**2016 RM**
Non-trade receivables	78,423	92,106
Deposits	32,098	1,215,219
Prepayments	176,345	138,311
GST recoverables	39,064	95,423
	325,930	1,541,059

In the prior financial year, included in the deposits of the Group was an amount of RM1,057,399 represents the partial payment made on the purchase of a vacant bungalow land at Miri, Sarawak for a total consideration of RM1,174,888 by a subsidiary. This transaction has been completed during the financial year.

Company	**2017 RM**	**2016 RM**
Deposits	1,000	1,000
Prepayments	3,872	1,922
	4,872	2,922

15. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

Group and Company

The interest rates for deposits with licensed financial institutions ranged from 2.37% to 3.81% (2016: 2.40% to 5.33%) and 2.56% to 3.81% (2016: 2.71% to 5.33%) per annum respectively.

Group

Included in deposits with licensed financial institutions is an amount of RM85,819 (2016: RM83,183) which has been pledged for banking facilities granted to the subsidiary companies.

16. SHARE CAPITAL

Group and Company	**2017 RM**	**2016 RM**
Issued and fully paid-up:-		
40,612,085 ordinary shares	40,612,085	40,612,085

The new Companies Act, 2016, which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

Notes To The Financial Statements (cont'd)

17. TREASURY SHARES

Group and Company	2017		2016	
	Number of treasury shares	RM	Number of treasury shares	RM
At beginning of financial year/ At end of financial year	4,035,560	3,554,493	4,035,560	3,554,493

The shareholders of the Company, by a special resolution passed at an Annual General Meeting held on 28 March 2007, approved the Company's plan to repurchase up to 10% of the issued and paid-up share capital of the Company ("Share Buy Back"). The authority granted by the shareholders was subsequently renewed in the last Annual General Meeting held on 28 March 2017. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the purchase plan can be applied in the best interest of the Company and its shareholders.

The shares purchased were retained as treasury shares. The Company has the right to re-issue these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distributions are suspended.

As at the reporting date, the Company held 4,035,560 (2016: 4,035,560) of the Company's shares and the number of ordinary shares in issue after setting off against treasury shares is 36,576,525 (2016: 36,576,525).

No treasury shares were sold during the current and previous financial year.

18. REVALUATION RESERVE

Group	2017 RM	2016 RM
At 1 November 2016/2015	6,003,014	5,786,262
Revaluation surplus during the financial year	2,682,600	285,200
Transferred to deferred tax liabilities	(643,824)	(68,448)
At 31 October	8,041,790	6,003,014

The revaluation reserve is not available for distribution.

19. RETAINED EARNINGS

Group and Company

The Company adopted the Single Tier Income Tax system in which the Company may declare the payment of the dividends out of its entire retained earnings of which subject to the availability of earnings.

Notes To The Financial Statements
(cont'd)

20. BORROWINGS

Group	2017 RM	2016 RM
Secured:-		
Current		
Term loans	1,212,525	1,165,867
Non-current		
Term loans	3,535,320	4,714,085
	4,747,845	5,879,952
Repayment terms		
- not later than one year	1,212,525	1,165,867
- later than one year but not later than five years	3,187,661	4,346,671
- later than five years	347,659	367,414
	3,535,320	4,714,085
	4,747,845	5,879,952

The effective interest rate of term loans is at 4.72% (2016: 4.05% to 4.85%) per annum.

The term loans are secured by way of:-

(i) Fixed charge against freehold land and building and leasehold land and building of a subsidiary as disclosed in Note 5 to the financial statements;
(ii) Assignment of rental proceeds; and
(iii) Corporate guarantee by the Company.

Notes To The Financial Statements
(cont'd)

21. DEFERRED TAX LIABILITIES

Group

(a) The deferred tax liabilities is made up of the following:-

	2017			2016		
	Assets RM	**Liabilities RM**	**Net RM**	**Assets RM**	**Liabilities RM**	**Net RM**
At 1 November 2016/2015	(627,608)	3,946,096	3,318,488	(539,777)	3,866,078	3,326,301
Recognised in profit or loss	115,337	242,958	358,295	(87,831)	30,543	(57,288)
Crystalisation of deferred tax upon depreciation of revalued assets	-	(62,682)	(62,682)	-	(18,973)	(18,973)
Revaluation reserve	-	643,824	643,824	-	68,448	68,448
At 31 October	(512,271)	4,770,196	4,257,925	(627,608)	3,946,096	3,318,488

The components of deferred tax liabilities/(assets) are made up of temporary difference arising from:-

	2017 RM	**2016 RM**
Carrying amount of qualifying property, plant and equipment and investment properties in excess of their tax base	1,063,571	962,589
Inventories written down	(1,279)	(1,279)
Revaluation surplus	1,292,715	1,656,600
Unabsorbed capital allowances	(301,404)	(416,741)
Unutilised business losses	(11,714)	(11,714)
Unutilised industrial building allowance	(197,874)	(197,874)
Fair value gain on investment properties	2,413,910	1,326,907
	4,257,925	3,318,488

Notes To The Financial Statements (cont'd)

21. DEFERRED TAX LIABILITIES (CONT'D)

Group (cont'd)

(b) As at the reporting date, deferred tax benefits for the following temporary differences have not been recognised in the financial statements:-

	2017 RM	2016 RM
Carrying amount of qualifying plant and equipment and biological assets in excess of their tax base	(3,761,636)	(3,725,236)
Unabsorbed agriculture allowance	4,794,200	5,030,300
Unutilised business losses	1,506,088	1,506,088
Unabsorbed capital allowances	2,296	34,396
	2,540,948	2,845,548

Potential deferred tax assets are not recognised in financial statements as it is anticipated that the tax effects of such deferrals will not reverse in the near future.

22. GOVERNMENT GRANTS

Group	2017 RM	2016 RM
At 1 November 2016/2015	179,569	239,425
Amortised during the financial year	(59,856)	(59,856)
At 31 October	119,713	179,569
Current		
- amortised within the next 12 months	59,856	59,856
Non-current		
- amortised after the next 12 months	59,857	119,713
	119,713	179,569

The government grant received is in respect of the purchase of a asset under the scheme of Malaysia Investment Development Authority (MIDA) by the government principal agency for promotion of the manufacturing and services sectors in Malaysia.

Notes To The Financial Statements (cont'd)

23. DERIVATIVE FINANCIAL LIABILITIES

Group	2017 RM	2016 RM
Negative fair value on:-		
Currency forward contract	-	25,200

As at the reporting date, the contracted underlying principal amount of the Group's currency forward contract is RM Nil (2016: RM839,200).

24. TRADE PAYABLES

Group

The trade payables of the Group are non-interest bearing and the normal credit term granted by suppliers of the Group ranges from 30 to 60 days (2016: 30 to 60 days).

25. OTHER PAYABLES

Group	2017 RM	2016 RM
Sundry deposits	1,273,274	917,889
Non-trade payables	342,606	203,750
Accrual of expenses	1,378,248	1,269,225
GST payable	28,787	55,755
	3,022,915	2,446,619

Company	2017 RM	2016 RM
Accrual of expenses	84,590	82,690

Included in deposit of RM150,000 (2016: RM259,244) is in relation with a subsidiary entering into an arrangement with PYHomes Realty Sdn. Bhd. for the purpose of developing the subsidiary's lands into a mixed residential project with the usual amenities.

26. INVESTMENT IN SUBSIDIARY COMPANIES/AMOUNT DUE FROM SUBSIDIARIES

Company	2017 RM	2016 RM
Investment in subsidiaries		
Unquoted shares, at cost	23,416,971	23,416,971

Notes To The Financial Statements
(cont'd)

26. INVESTMENT IN SUBSIDIARY COMPANIES/AMOUNT DUE FROM SUBSIDIARIES (CONT'D)

Name of company	Place of incorporation	Effective interest 2017 %	Effective interest 2016 %	Principal activities
1. H & L High-Tech Sdn. Bhd.	Malaysia	100	100	Manufacture and sale of precision engineering moulds, dies, jigs, fixtures, tools and other precision machine parts.
2. Plastik STC Sdn. Bhd.	Malaysia	100	100	Manufacture and sale of customised precision engineering plastic injection moulded thermoplastic and thermosett parts and components for electrical and electronic industry.
3. H & L High-Tech Deco Sdn. Bhd.	Malaysia	100	100	Oil palm plantation.
4. H & L High-Tech Properties Sdn. Bhd.	Malaysia	100	100	Letting of properties and property investment.
5. H & L High-Tech Properties Development Sdn. Bhd.	Malaysia	100	100	Property development.
6. H & L Mould Solution Sdn. Bhd.	Malaysia	100	100	Dormant.
7. STC Technology Sdn. Bhd.	Malaysia	100	100	Dormant.

Amount due from subsidiaries

The amount due from subsidiaries is non-trade related, unsecured, bears no interest and repayable on demand.

27. REVENUE

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Dividend income	-	-	1,884,000	1,430,400
Sales of goods	18,389,077	15,808,501	-	-
Rental income	1,158,266	1,892,158	-	-
Distribution from joint property development project	2,631,822	1,426,148	-	-
	22,179,165	19,126,807	1,884,000	1,430,400

Notes To The Financial Statements (cont'd)

28. PROFIT BEFORE TAX

Profit before tax has been determined after charging/(crediting), amongst other items, the following:-

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Amortisation of biological assets	226,535	226,536	-	-
Amortisation of prepaid land lease payments	33,320	33,320	-	-
Amortisation on government grants	(59,856)	(59,856)	-	-
Auditors'remuneration				
- statutory audit	96,000	96,000	22,300	22,300
- other services	5,000	5,000	5,000	5,000
Depreciation of property, plant and equipment	1,235,698	1,478,044	-	-
Fair value gain on investment properties	(2,810,550)	(2,150,000)	-	-
Interest expenses				
- term loans	251,530	312,166	-	-
Rental expenses	271,696	283,303	-	-
Loss on disposal of property, plant and equipment	6,278	-	-	-
Unrealised foreign exchange				
- loss	175,364	144,092	-	-
Realised foreign exchange				
- gain	(96,988)	(133,160)	-	-
Interest income	(379,534)	(409,762)	(29,983)	(80,079)
Gain on disposal of other investments	-	(9,369)	-	-
Gross dividend from financial assets at fair value through profit or loss:-				
- quoted in Malaysia	(31,520)	(24,920)	-	-
Rental income	(186,080)	(145,080)	-	-
Net fair value (gain)/loss on other investments	(51,320)	1,829	-	-
Fair value (gain)/loss on derivative financial instruments	(32,586)	23,880	-	-

Notes To The Financial Statements
(cont'd)

29. TAX EXPENSE

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Current year's tax provision	1,139,920	1,065,360	1,000	360
(Over)/Under provision of tax expense in prior financial years	(15,211)	(24,994)	2,137	406
Under/(Over) provision of deferred tax in prior financial years	17,000	(30,082)	-	-
Transferred from/(to) deferred tax liabilities	278,613	(46,179)	-	-
	1,420,322	964,105	3,137	766

Malaysian income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated taxable profit for the financial year.

A reconciliation of income tax expense applicable to profit before tax at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follow:-

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit before tax	6,990,284	4,421,682	1,662,112	1,271,588
Tax at statutory tax rate of 24%	1,677,668	1,061,204	398,907	305,181
Tax effects in respect of:-				
Income not subject to tax	(650,941)	(580,735)	(452,160)	(362,209)
Expenses not deductible for tax purposes	406,522	314,485	54,253	57,388
Crystallisation of deferred tax upon depreciation charged for revalued asset	(62,682)	(18,973)	-	-
Addition deferred tax liabilities on real property gain	125,000	107,500	-	-
Under/(Over) provision of deferred tax in prior financial year	17,000	(30,082)	-	-
(Over)/Under provision of tax expense in prior financial years	(15,211)	(24,994)	2,137	406
Deferred tax assets not recognised	(77,034)	135,700	-	-
	1,420,322	964,105	3,137	766

The Group unutilised business losses, unabsorbed capital allowances, unabsorbed agriculture allowance and unutilised industrial building allowance which can be carried forward to offset against future taxable profit amounted to approximately RM1,534,895 (2016: RM1,554,896), RM1,258,146 (2016: RM1,770,817), RM5,030,000 (2016: RM5,030,300) and RM824,475 (2016: RM824,475) respectively.

Notes To The Financial Statements
(cont'd)

29. TAX EXPENSE (CONT'D)

The availability of the unutilised business losses, unabsorbed capital allowances, unabsorbed agriculture allowance and unutilised industrial building allowance which can be carried forward to offset against future taxable profit on the respective subsidiary companies are subject to no substantial changes in shareholdings of the respective subsidiary companies under Section 44(5A) & (5B) of Income Tax Act, 1967.

30. EARNINGS PER SHARE

Group

(a) The basic earnings per share has been calculated by dividing profit for the financial year attributable to ordinary equity holders of the Company of RM5,569,962 (2016: RM3,457,577) to the weighted average number of shares issued during the financial year of 36,576,525 (2016: 36,576,525), excluding treasury shares held by the Company.

(b) There is no diluted earnings per share as the Company does not have any convertible financial instruments as at reporting date.

31. DIVIDENDS

	Group and Company	
	2017	**2016**
	RM	**RM**
In respect of the financial year ended 31 October 2016:-		
First interim single tier dividend of 1.5 cent per ordinary share for total ordinary shares of 36,576,525, paid on 10 February 2017	548,651	-
Second interim single tier dividend of 2.0 cent per ordinary share for total ordinary shares of 36,576,525, paid on 3 October 2017	731,531	-
In respect of the financial year ended 31 October 2015:-		
Final dividend of 2.0 cent per ordinary share for total ordinary shares of 36,576,525, paid on 25 May 2016	-	731,530
	1,280,182	731,530

32. EMPLOYEE BENEFITS EXPENSE

The employee benefits expense included the following:-

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Salaries, wages and other emoluments	6,180,013	6,484,666	88,500	48,000
Social security contribution	56,602	50,849	-	-
Defined contribution plan	442,757	438,346	-	-
	6,679,372	6,973,861	88,500	48,000

Notes To The Financial Statements
(cont'd)

32. EMPLOYEE BENEFITS EXPENSE (CONT'D)

Directors' Remuneration

Included in the employee benefits expenses is the Directors' remuneration as below:-

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Executive Directors:-				
Directors of the Company				
Salaries and other emoluments	864,320	904,320	-	-
Defined contribution Plan	87,240	86,870	-	-
Social security contribution	3,436	2,790	-	-
Benefits-in-kind	16,325	16,325	-	-
Executive Directors' remuneration	971,321	1,010,305	-	-
Executive Directors:-				
Director of the Subsidiary				
Salary and other emoluments	52,000	52,000	-	-
Defined contribution Plan	5,460	5,460	-	-
Social security contribution	517	455	-	-
Executive Directors' remuneration	57,977	57,915	-	-
Non-Executive Directors:-				
Directors of the Company				
Salaries and other emoluments	37,500	38,250	37,500	-
Fees	51,000	48,000	51,000	48,000
Non-Executive Directors' remuneration	88,500	86,250	88,500	48,000

33. COMMITMENTS

Capital commitment

	Group	
	2017 RM	2016 RM
Capital expenditure		
Authorised and contracted for:-		
- Property, plant and equipment	64,900	117,489
- Leasehold land	-	1,080,000

Notes To The Financial Statements
(cont'd)

33. COMMITMENTS (CONT'D)

Lease commitment

The Group had entered into a total of seven non-cancellable Renting Agreements with various parties to lease the land for venturing into business of the oil palm plantation, comprising an area of approximately 1,276 (2016: 1,110 acres) acres for a renting period of sixty years.

The payment terms of the leasing are as follows:-

(i) For the first eight months (2016: first six months), no rental charges for tenor to land mobilisation.
(ii) After the first eight months, (2016: first six months), no rental charges for tenor on oil palm plantation process for three years.
(iii) After the three years and six months, RM0.50 of rental charges will be apply on each oil palm tree planted on monthly basis for a period of two years.
(iv) After the five years and six months, RM0.60 of rental charges will be apply on each oil palm tree planted on monthly basis until the end of the tenancy period.
(v) If the oil palm tree plant is infected by disease, rental charges will be exempted for three years.

As at the reporting date, the lease commitments are as follows:-

	2017 RM	2016 RM
Within one year	334,440	334,440
Between one to five year	1,477,200	1,337,760
More than five years	19,315,980	16,722,000
	21,127,620	18,394,200

34. RELATED PARTY DISCLOSURES

Related Party Transaction

The significant related party transactions during the financial year were as follows:-

	2017 RM	2016 RM
Group		
- Dividend paid to companies in which Directors have interest	590,669	590,669
Company		
- Dividend received from subsidiaries	1,884,000	1,430,400

The outstanding balances arising from the related party transactions as at the reporting date are disclosed in Note 26 to the financial statements.

Notes To The Financial Statements
(cont'd)

34. RELATED PARTY DISCLOSURES (CONT'D)

Transactions with key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directly and controlling the activities of the Group and of the Company either directly or indirectly and entity that provides key management personnel services to the Group and the Company.

The remuneration of key management personnel is same with the Directors' remuneration as disclosed in Note 32 to the financial statements. The Group and the Company have no other members of key management personnel apart from the Board of Directors.

35. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

The table below provides an analysis of financial instruments categorised as follows:-

(i) Loans and receivables ("L & R");
(ii) Fair value through profit or loss ("FVTPL");
(iii) Available for sale financial assets ("AFS"); and
(iv) Other liabilities measured at amortised cost ("AC").

	Carrying Amount RM	L & R RM	FVTPL RM	AFS RM	AC RM
Group					
2017					
Financial assets					
Other investments	626,600	-	461,600	165,000	-
Derivative financial assets	8,706	-	8,706	-	-
Trade receivables	3,453,281	3,453,281	-	-	-
Other receivables	110,521	110,521	-	-	-
Deposits with licensed financial institutions	10,823,211	10,823,211	-	-	-
Cash and bank balances	5,177,166	5,177,166	-	-	-
	20,199,485	19,564,179	470,306	165,000	-
Financial liabilities					
Trade payables	602,338	-	-	-	602,338
Other payables	2,994,128	-	-	-	2,994,128
Borrowings	4,747,845	-	-	-	4,747,845
Government grants	119,713	-	-	-	119,713
	8,464,024	-	-	-	8,464,024

Notes To The Financial Statements (cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)

Categories of Financial Instruments (cont'd)

The table below provides an analysis of financial instruments categorised as follows (cont'd):-

	Carrying Amount RM	L & R RM	FVTPL RM	AFS RM	AC RM
Group					
2016					
Financial assets					
Other investments	575,280	-	410,280	165,000	-
Derivative financial assets	1,320	-	1,320	-	-
Trade receivables	3,642,589	3,642,589	-	-	-
Other receivables	1,307,325	1,307,325	-	-	-
Deposits with licensed financial institutions	11,793,943	11,793,943	-	-	-
Cash and bank balances	3,447,650	3,447,650	-	-	-
	20,768,107	20,191,507	411,600	165,000	-
Financial liabilities					
Derivative financial liabilities	25,200	-	25,200	-	-
Trade payables	335,880	-	-	-	335,880
Other payables	2,390,864	-	-	-	2,390,864
Borrowings	5,879,952	-	-	-	5,879,952
Government grants	179,569	-	-	-	179,569
	8,811,465	-	25,200	-	8,786,265
Company					
2017					
Financial assets					
Other receivables	1,000	1,000	-	-	-
Amount due from subsidiaries	13,404,211	13,404,211	-	-	-
Deposits with licensed financial institutions	1,334,990	1,334,990	-	-	-
Cash and bank balances	964,037	964,037	-	-	-
	15,704,238	15,704,238	-	-	-
Financial liability					
Other payables	84,590	-	-	-	84,590

Notes To The Financial Statements
(cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)

Categories of Financial Instruments (cont'd)

The table below provides an analysis of financial instruments categorised as follows (cont'd):-

	Carrying Amount RM	L & R RM	FVTPL RM	AFS RM	AC RM
Company (cont'd)					
2016					
Financial assets					
Other receivables	1,000	1,000	-	-	-
Amount due from subsidiaries	12,468,863	12,468,863	-	-	-
Deposits with licensed financial institutions	2,606,105	2,606,105	-	-	-
Cash and bank balances	249,451	249,451	-	-	-
	15,325,419	15,325,419	-	-	-
Financial liability					
Other payables	82,690	-	-	-	82,690

Financial Risks Management Objective and Policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. Financial risk management policy is established to ensure that adequate resources are available for the development of the Group's business whilst managing its credit risk, liquidity risk, foreign currency risk, interest rate risk and market price risk. The Group operates within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the Group and the policy of the Group in respect of the major areas of treasury activity are set out as follow:-

(a) Credit Risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Group's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instrument is broadly diversified along geographical lines and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group does not offer credit terms without the approval of the head of credit control.

Notes To The Financial Statements (cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management Objective and Policies (cont'd)

(a) Credit Risk (cont'd)

The areas where the Group is exposed to credit risk are as follows:-

Receivables

As at reporting date, the maximum exposure to credit risk arising from receivables is limited to the carrying amounts in the statements of financial position.

With a credit policy in place to ensure the credit risk is monitored on an ongoing basis, management has taken reasonable steps to ensure that receivables are stated at their realisable values. A significant portion of the receivables are regular customers that have been transacting with the Group. The Group uses aging analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than credit terms granted are deemed to have higher credit risk, and are monitored individually.

The ageing analysis for trade receivables is disclosed in Note 13 to the financial statements.

The credit risk concentration profile by geographical on trade receivables of the Group as at reporting date is as follow:-

	2017		2016	
	RM	%	RM	%
By country				
Malaysia	1,404,137	41	1,242,721	35
European countries	1,983,770	56	2,134,135	58
Taiwan	35,981	1	86,919	2
China	10,154	1	47,661	1
Others *	19,239	1	131,153	4
	3,453,281	100	3,642,589	100

* Less than 1% for each of the country.

Notes To The Financial Statements
(cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management Objective and Policies (cont'd)

(a) Credit Risk (cont'd)

In respect of trade and other receivables, the Group has no significant concentration of credit risk with any single counterparty except as disclosed below:-

Credit risk concentration profile

The Group determines concentration of credit risk by comparing the amount due from each individual customer against the total trade receivables. The credit risk concentration profile of the Group's trade receivables at the reporting date as:

	2017		2016	
	RM	%	RM	%
Customer A	753,023	22	429,091	12
Customer B	408,490	12	613,060	17
Customer C	357,849	10	436,034	12

Investments and Other Financial Assets

As at reporting date, the Group has only invested in domestic securities. The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

Investments are mostly in liquid securities and only with counterparties that have a credit rating equal to or better than the Group.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations except for the impairment loss recognised in respect of unquoted investments as disclosed in Note 9 to the financial statements.

Financial Guarantee/Corporate Guarantee

The maximum exposure to credit risk RM4,747,845 (2016: RM5,879,952) representing the outstanding banking facilities of the subsidiary as at end of the reporting period.

The Company provide unsecured financial guarantees to banks in respect of banking facilities granted to a subsidiary. The Company monitors on an ongoing basis the results of the subsidiary and repayments made by the subsidiary. As at end of the reporting period, there was no indication that the subsidiary would default on repayment.

The corporate guarantee does not have a determinable effect on the term of the credit facilities due to the bank requiring parent's guarantees as a pre-condition for approving the banking facilities granted to the subsidiary. The actual terms of credit facilities are likely to be the best indicator of "at market" term and hence the fair value of the credit facilities are equal to the credit facilities amount received by the subsidiary. As such, there is no value on the corporate guarantee to be recognised in the financial statements.

Notes To The Financial Statements (cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management Objective and Policies (cont'd)

(a) Credit Risk (cont'd)

Intercompany Balances

The maximum exposure to credit risk of the Company is represented by their carrying amounts in the statements of financial position.

The Company provides unsecured loans and advances to subsidiaries and monitors the results of the subsidiaries regularly.

As at the end of the reporting period, there was no indication that the carrying amount of loans and advances to the subsidiaries are not recoverable.

(b) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due as a result of shortage of funds.

In managing its exposures to liquidity risk, the Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as and when they fall due.

The Group aims at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

The liquidity risks arise principally from its payables and loans. The repayment term of loans is disclosed in Note 20 to the financial statements respectively.

The summary of the maturity profile based on contractual undiscounted repayment obligations are as below:-

	Current	Non-current			
	On demand/less than 1 year RM	1 to 2 years RM	2 to 5 years RM	More than 5 years RM	Total contractual cash flows RM
Group					
2017					
Non-derivative financial liabilities					
Secured:-					
Borrowings	1,384,188	1,384,188	1,670,431	404,300	4,843,107
Unsecured:-					
Trade payables	602,338	-	-	-	602,338
Other payables	2,994,128	-	-	-	2,994,128
Total undiscounted financial liabilities	4,980,654	1,384,188	1,670,431	404,300	8,439,573

Notes To The Financial Statements (cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management Objective and Policies (cont'd)

(b) Liquidity Risk

	Current	← Non-current		→	
	On demand/less than 1 year RM	1 to 2 years RM	2 to 5 years RM	More than 5 years RM	Total contractual cash flows RM
Group					
2016					
Non-derivative financial liabilities					
Secured:-					
Borrowings	1,384,188	1,384,188	3,017,299	441,620	6,227,295
Unsecured:-					
Trade payables	335,880	-	-	-	335,880
Other payables	2,390,864	-	-	-	2,390,864
Total undiscounted financial liabilities	4,110,932	1,384,188	3,017,299	441,620	8,954,039
Company					
2017					
Non-derivative financial liabilities					
Corporate guarantee	4,747,845	-	-	-	4,747,845
Unsecured:-					
Other payables	84,590	-	-	-	84,590
Total undiscounted financial liabilities	4,832,435	-	-	-	4,832,435
Company					
2016					
Non-derivative financial liabilities					
Corporate guarantee	5,879,952	-	-	-	5,879,952
Unsecured:-					
Other payables	82,690	-	-	-	82,690
Total undiscounted financial liabilities	5,962,642	-	-	-	5,962,642

The above amounts reflect the contractual undiscounted cash flows, which differ from the carrying values of financial liabilities at the reporting date.

35. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management Objective and Policies (cont'd)

(c) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of the subsidiaries. The currencies giving rise to this risk are primarily EURO, US Dollar (USD) and Singapore Dollar (SGD).

The Group's exposure to foreign currency risk, based on carrying amounts as at the reporting date are as follows (foreign currency balances are unhedged):-

	Denominated in		
	EURO RM	**USD RM**	**SGD RM**
Group			
2017			
Derivative financial assets	8,434	-	-
Trade receivables	530,080	1,235,022	284,042
Cash and bank balances	220,276	506,837	316,138
Trade payables	-	(20,296)	(4,444)
Other payables	(480,624)	-	-
	278,166	1,721,563	595,736
2016			
Derivative financial assets	1,320	-	-
Trade receivables	677,109	1,360,202	362,558
Cash and bank balances	74,011	720,521	50,107
Derivative financial liabilities	-	(25,200)	-
Trade payables	-	(64,633)	(7,632)
Other payables	(80,327)	(84,732)	-
	672,113	1,906,158	405,033

The following table demonstrates the sensitivity of the Group's profit for the financial year to a reasonably possible change in the EURO, USD and SGD exchange rates against the functional currency of the Group, with all other variables held constant.

Notes To The Financial Statements
(cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management Objective and Policies (cont'd)

(c) Foreign Currency Risk (cont'd)

	Increase/(Decrease) on profit for the financial years 2017 RM	2016 RM
Group		
EURO/RM		
- Strengthened 2%/3%	5,564	20,163
- Weakened 2%/3%	(5,564)	(20,163)
USD/RM		
- Strengthened 2%/3%	34,431	57,185
- Weakened 2%/3%	(34,431)	(57,185)
SGD/RM		
- Strengthened 1%/2%	5,957	8,101
- Weakened 1%/2%	(5,957)	(8,101)

The assumed movement in the above foreign currency exchange rate for the foreign currency exchange rate sensitivity analysis is based on the prudent estimate of the current market environment.

Exposures to foreign exchange rates vary during the financial year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposures to foreign currency risk.

(d) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

The Group's interest rate management objective is to manage the interest expense consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group targets a mix of fixed and floating debt based on assessment of its existing exposure and desired interest rate profile.

Notes To The Financial Statements (cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management Objective and Policies (cont'd)

(d) Interest Rate Risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting date were as follows:-

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Fixed rate instruments				
Financial asset				
Deposits with licensed financial institutions	10,823,211	11,793,943	1,334,990	2,606,105
Floating rate instruments				
Financial liability				
Term loans	4,747,845	5,879,952	-	-

Fair Value Sensitivity Analysis for Fixed Rate Instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss and does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting date would not affect profit or loss.

Fair Value Sensitivity Analysis for Floating Rate Instruments

At the reporting date, if interest rate had been 50 (2016: 50) basis points lower/higher, with all the other variable held constant, the Group's profit for the financial year would have been RM23,739 (2016: RM29,400) higher/lower, arising mainly from lower/higher interest expense on floating rate borrowings.

(e) Market Price Risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than foreign exchange or interest rates). Equity price risk arises from the Group's investments in equity securities quoted in Bursa Malaysia Securities Berhad.

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the authorised person of the Group.

Equity Price Risk Sensitivity Analysis

This analysis assumes that all other variables remain constant and all the Group's equity investments moved in percentage of the share price.

A 5% (2016: 3%) decrease in share price of each counter at the reporting date would have increase the Group's profit for the financial year by RM22,780 (2016: RM12,308). A 5% (2016: 3%) weakening in the share price of each counter would have equal but opposite effect on the Group's profit for the financial year.

Notes To The Financial Statements
(cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management Objective and Policies (cont'd)

Fair Value of Financial Instruments

The carrying amounts of short term receivables and payable, cash and cash equivalents and borrowings approximate their fair values due to the relatively short term nature of these financial instruments and insignificant impact of discounting or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted prices in active market. In addition, it is impracticable to use valuation technique to estimate the fair value reliably as a result of significant variability in the inputs of the valuation technique. The Group does not intend to dispose of these investments in the near future.

The following summarises the methods used in determining the fair value of financial instruments reflected above:-

Investment in Equity Instruments

The fair value of financial assets that are quoted in an active market are determined by reference to their quoted closing bid price at the reporting period.

Non-derivatives Financial Liabilities

Fair value, which is determined for disclosures purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

The interest rates used to discount estimated cash flows, where applicable, are as follows:-

	2017 %	2016 %
Term loans	4.72	4.05 – 4.85

Fair Value Hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes To The Financial Statements
(cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)

Fair Value Hierarchy (cont'd)

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable (cont'd).

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
2017				
Financial assets at FVTPL				
Non-derivative financial assets held for trading	461,600	-	-	461,600
Derivative financial asset	-	8,706	-	8,706
Available-for-sale financial assets				
Unquoted shares and golf club membership	-	-	155,000	155,000
	461,600	8,706	155,000	625,306
2016				
Financial assets at FVTPL				
Non-derivative financial assets held for trading	410,280	-	-	410,280
Derivative financial asset	-	1,320	-	1,320
Available-for-sale financial assets				
Unquoted shares and golf club membership	-	-	165,000	165,000
	410,280	1,320	165,000	576,600
Derivative financial liability	-	25,200	-	25,200

There were no transfers between Level 1 and 2 in the reporting period.

36. CAPITAL MANAGEMENT

The Group's and the Company's objective when managing capital is to maintain a strong capital base and safeguard the Group's and the Company's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal gearing ratio that complies with debt covenants and regulatory requirements.

Notes To The Financial Statements
(cont'd)

36. CAPITAL MANAGEMENT (CONT'D)

The Group monitors capital using a gearing ratio, which are the total interest bearing borrowings over owners' equity. The Group's policy is to keep the gearing ratio below 0.50. The borrowings include term loans and other loan while owners' equity refers to the equity attributable to the owners of the Company.

	Group	
	2017	**2016**
	RM	**RM**
Total borrowings		
- term loans	4,747,845	5,879,952
Owners' equity	90,091,993	83,763,437
Debt-to-equity ratio	0.05	0.07

There were no changes in the Group's approach to capital management during the financial year.

37. OPERATING SEGMENT

(i) Business segment

For management purposes, the Group is organised into four major business units based on their products and services which comprises the following:-

(a) Manufacturing and trading - Manufacturing and sales of precision engineering moulds and other precision

(b) Investment - Investment holding, letting of properties and properties investment

(c) Plantation - Cultivation of oil palm

(d) Joint property development - Property development

Management monitors the operating results to its business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

37. OPERATING SEGMENT (CONT'D)

(i) Business segment (cont'd)

Transfer prices between operating segments are on negotiated basis.

	Note	Manufacturing and trading RM	Investment RM	Plantation RM	Joint property development RM	Elimination RM	Total RM
2017							
Revenue:-							
External revenue		16,042,033	896,666	2,608,644	2,631,822	-	22,179,165
Inter-segment revenue		(664,188)	2,145,600	-	-	(1,481,412)	-
Total revenue		15,377,845	3,042,266	2,608,644	2,631,822	(1,481,412)	22,179,165
Results:-							
Interest income		343,866	32,619	-	3,049	-	379,534
Finance costs		-	(251,530)	-	-	-	(251,530)
Depreciation and amortisation		(932,623)	-	(477,074)	(26,000)	-	(1,435,697)
Other non-cash income/(expenses)	(a)	(181,642)	2,861,870	-	-	-	2,680,228
Tax expense		(743,177)	(191,621)	-	(485,524)	-	(1,420,322)
Segment profit		(370,212)	4,195,413	255,832	1,488,929	-	5,569,962
Assets:-							
Additions to non-current assets	(b)	49,086	2,379,056	641,852	-	-	3,069,994
Segment assets		40,905,344	50,833,601	7,456,199	4,030,672	-	103,225,816
Liabilities:-							
Segment liabilities		5,308,241	7,104,359	310,228	410,995	-	13,133,823

Notes To The Financial Statements
(cont'd)

37. OPERATING SEGMENT (CONT'D)

(i) Business segment (cont'd)

Transfer prices between operating segments are on negotiated basis (cont'd).

	Note	Manufacturing and trading RM	Investment RM	Plantation RM	Joint property development RM	Elimination RM	Total RM
2016							
Revenue:-							
External revenue		14,845,434	1,630,558	1,224,667	1,426,148	-	19,126,807
Inter-segment revenue		817,797	1,692,000	-	-	(2,509,797)	-
Total revenue		15,663,231	3,322,558	1,224,667	1,426,148	(2,509,797)	19,126,807
Results:-							
Interest income		315,647	82,575	-	11,540	-	409,762
Finance costs		-	(312,166)	-	-	-	(312,166)
Depreciation and amortisation		(1,165,703)	-	(486,341)	(26,000)	-	(1,678,044)
Other non-cash income	(a)	(6,552)	2,020,000	-	-	-	2,013,448
Tax expense		(381,027)	(381,172)	-	(201,906)	-	(964,105)
Segment profit		1,712,482	1,720,351	(609,361)	634,105	-	3,457,577
Assets:-							
Additions to non-current assets	(b)	219,624	1,266,675	233,845	-	-	1,720,144
Segment assets		37,544,613	48,593,446	7,116,322	2,845,222	-	96,099,603
Liabilities:-							
Segment liabilities		3,632,414	8,193,468	125,810	384,474	-	12,336,166

Notes To The Financial Statements (cont'd)

37. OPERATING SEGMENT (CONT'D)

(i) Business segment (cont'd)

Notes:-

(a) Notes to other non-cash income/(expenses) consist of the following items:-

	2017 RM	2016 RM
Fair value gain on investment properties	2,810,550	2,150,000
Loss on disposal of property, plant and equipment	(6,278)	-
Gain on disposal of other investments	-	9,369
Net fair value gain/(loss) on other investments	51,320	(1,829)
Net unrealised (loss)/gain on foreign exchange	(175,364)	(144,092)
	2,680,228	2,013,448

(b) Additions to non-current assets consist of:-

	2017 RM	2016 RM
Investment properties	2,379,056	1,266,675
Property, plant and equipment	262,928	453,469
Biological assets	428,010	-
	3,069,994	1,720,144

(ii) Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:-

	2017		2016	
	Revenue RM	Non-current Assets RM	Revenue RM	Non-current Assets RM
Malaysia*	11,152,656	78,406,214	8,060,821	71,606,028
South East Asia	127,972	-	116,320	-
European countries	10,044,106	-	10,057,335	-
Others	854,431	-	892,331	-
	22,179,165	78,406,214	19,126,807	71,606,028

* The Company's home country

Notes To The Financial Statements
(cont'd)

37. OPERATING SEGMENT (CONT'D)

(iii) Information about major customers

The following are major customers with revenue equal or more than 5 percent of the Group's revenue:-

	RM	%	Operating Segment
31.10.2017			
Customer A	753,023	21.8	Manufacturing and trading
Customer B	408,490	11.8	Manufacturing and trading
Customer C	357,849	10.4	Manufacturing and trading
Customer D	303,295	8.8	Manufacturing and trading
Customer E	285,562	8.3	Manufacturing and trading
Customer F	197,770	5.7	Manufacturing and trading
	2,305,989	66.8	
31.10.2016			
Customer A	2,736,832	14.3	Manufacturing and trading
Customer B	2,378,950	12.4	Manufacturing and trading
Customer C	1,989,402	10.4	Manufacturing and trading
Customer D	1,023,513	5.4	Manufacturing and trading
Customer E	972,603	5.1	
	9,101,300	47.6	

Analysis Of Shareholdings

ANALYSIS OF SHAREHOLDINGS AS AT AS AT 19 FEB 2018

Authorised Share Capital	:	RM 50,000,000
Issued & Fully Paid-Up Capital	:	RM 40,612,085
No. of Shareholders	:	1,273
Class of share	:	Ordinary share
Volting Rights	:	One vote for each ordinary share

DISTRIBUTION SCHEDULE OF SHARE AS AT 19 FEB 2018

	No. of Holders		No. of Shares *		Percentage(%)	
Size of Shareholdings	**Malaysian**	**Foreign**	**Malaysian**	**Foreign**	**Malaysian**	**Foreign**
less than 100	274	5	9,511	264	0.03	0.00
100 to 1,000	94	0	49,811	-	0.14	-
1,001 to 10,000	751	1	2,322,906	1,600	6.35	0.00
10,001 to 100,000	116	5	2,909,027	122,625	7.95	0.34
100,001to less than 5% of issued shares	25	0	14,284,535	-	39.05	-
5% and above of issued shares	2	0	16,876,246	-	46.14	-
TOTAL	1,262	11	36,452,036	124,489	99.66	0.34

* Treasury shares excluded

LIST OF THIRTY (30) LARGEST SHAREHOLDINGS AS AT 19 FEB 2018

	Names	No. of Share Held	% of Shares *
1.	AFFLUENT FUTURE SDN BHD	11,480,001	31.39
2.	TAN LYE HUAT HOLDINGS SDN BHD	5,396,245	14.75
3.	TAN AH HENG	1,791,040	4.90
4.	TAN LYE HUAT	1,739,272	4.76
5.	NG TIONG KANG	1,726,363	4.72
6.	TAN KIM LAI	1,075,519	2.94
7.	TAN YAW BIN	959,990	2.62
8.	TAN ENG LOON	925,149	2.53
9.	TAN AI NEE	900,000	2.46
10.	TAN SOOK YEE	688,828	1.88
11.	TAN HWA	604,925	1.65
12.	TAN HO FOOT	569,702	1.56
13.	TAN FUNG YING	450,000	1.23
14.	TAN AI LING	394,600	1.08
15.	TAN YAW TUNG	352,088	0.96

Analysis Of Shareholdings
(cont'd)

	Names	No. of Share Held	% of Shares *
16.	TAN YAW BIN	324,823	0.89
17.	YAYASAN TERENGGANU	307,500	0.84
18.	TAN JIN TUAN	243,000	0.66
19.	TAN ENG YIK	185,300	0.51
20.	TAN YAW TUNG	184,705	0.50
21.	KOAY LAY PENG	153,750	0.42
22.	TAN JIN TUAN	134,000	0.37
23.	KHOO KIM WEE	129,100	0.35
24.	TAN SOOK YEE	115,928	0.32
25.	NG CHAI TEE	113,223	0.31
26.	CHEANG KAM HONG	108,457	0.30
27.	LOW SAW HOON	107,273	0.29
28.	PUBLIC NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR SEOW HOON HIN>	100,000	0.27
29.	PERBADANAN KEMAJUAN NEGERI KEDAH	93,758	0.26
30.	TAN PEI WEI	78,925	0.22
		31,433,464	**85.94**

* Treasury shares excluded

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 19 FEB 2018

	Names	No. of Share Held	% of Shares *
1.	AFFLUENT FUTURE SDN BHD	11,480,001	28.27
2.	TAN LYE HUAT HOLDINGS SDN BHD	5,396,245	13.29
	TOTAL		41.55

* Treasury shares excluded

INFORMATION ON DIRECTORS SHAREHOLDINGS AS AT 19 FEB 2018

	NAME OF DIRECTORS	Direct Holdings		Indirect Holdings	
		No	%	No	%
1.	TAN LYE HUAT	1,739,272	4.76	21,597,829	54.6
2	TAN SOOK YEE	804,756	2.20	20,887,124	57.1
3	CHU KAN	-	-	-	-
4	HAU HOCK KHUN	-	-	-	-
5	RITA TAI LAI LING	-	-	-	-
6	CHEW YOCK FAT	-	-	-	-

List Of Properties
(As At 31 October 2017)

Location	Date of Acquisition (A)/ Valuation (V)	Description/ Existing use	Land area/ built-up area (sq metres)	Tenure/ age of buildings (years)	Net Book Value RM
Lot No Pt 1539 52, Jalan SS 25/28 Taman Mayang 47301 Petaling Jaya Selangor	31/10/2017 (V)	2-storey Terrace Factory (Corner unit) / rented out	481.2 / 987.8	Freehold / 30	3,160,000
Lot No Pt 1540 50, Jalan SS 25/28 Taman Mayang 47301 Petaling Jaya Selangor	31/10/2017 (V)	2-storey Terrace Factory/rented out	185.8 / 371.6	Freehold / 30	1,300,000
Lot No Pt 1541 48, Jalan SS 25/28 Taman Mayang 47301 Petaling Jaya Selangor	31/10/2017 (V)	2-storey Terrace Factory/rented out	185.8 / 371.6	Freehold / 30	1,300,000
Lot No Pt 1542 46, Jalan SS 25/28 Taman Mayang 47301 Petaling Jaya Selangor	31/10/2017 (V)	2-storey Terrace Factory/rented out	185.8 / 371.6	Freehold / 30	1,300,000
Lot No Pt 1543 44, Jalan SS 25/28 Taman Mayang 47301 Petaling Jaya Selangor	31/10/2017 (V)	2-storey Terrace Factory/rented out	185.8 / 371.6	Freehold / 30	1,300,000
Lot No Pt 20033 6, Jalan TSB 1 Taman Industri Sungai Buloh		Prepaid lease payment	3715 / 5183	99 year leasehold (24/03/2091)	1,189,792
47000 Sungai Buloh Selangor	31/10/2017 (V)	Industrial building/ factory		Leasehold / 20	7,900,000
					9,089,792
Lot No Pt 19770 7, Jalan TSB 9 Taman Industri Sungai Buloh		Prepaid lease payment	3,633 / 3,189	99 year leasehold (24/03/2091)	1,242,558
47000 Sungai Buloh Selangor	31/10/2017 (V)	Factory, Warehouse and office space		Leasehold / 20	4,700,000
					5,942,558
Lot 14, Lorong Keluli 1C Kaw Perindustrian Bukit Raja Seksyen 8, Shah Alam Selangor	31/10/2017 (V)	Warehouse cum office / rented out	16,489/13,383	Freehold / 22	33,500,000
Lot 2581, 2582, 2583, 2584	31/10/2017 (V)	Land for development	47,063	99 year leasehold (22/08/2081)	10,550,000
AND Lot 2573, 2574, 2575	31/10/2017 (V)		35,354	99 year leasehold (26/10/2081)	
AND Lot 2592 and PT47 Mukim of Ijuk Daerah Kuala Selangor Negeri Selangor	31/10/2017 (V)		22,250	99 year leasehold (22/08/2081)	

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Third Annual General Meeting of the Company will be held at Green I, ClubHouse, Tropicana Golf and Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 28 March 2018 at 11.00 a.m., for the following purposes:-

1. To receive the Audited Financial Statements for the financial year ended 31 October 2017 together with the Reports of the Directors and Auditors thereon. **(Please see Note 2)**
2. To approve the payment of a Final Single Tier Dividend of 2.0 sen per ordinary share in respect of the financial year ended 31 October 2017. **(Resolution 1)**
3. To approve the payment of Directors' fees of up to an amount of RM63,000 for the financial year ending 31 October 2018. **Resolution 2) (Please see Note 3)**
4. To approve the payment of Directors' benefits of up to an amount of RM150,000 for the period from 1 November 2017 till the next Annual General Meeting of the Company. **Resolution 3) (Please see Note 3)**
5. To re-elect the following Directors who retire pursuant to Article 97 of the Company's Articles of Association:- **(Please see Note 4)**
   (i) Ms Tan Sook Yee **(Resolution 4)**
   (ii) Mr Hau Hock Khun **(Resolution 5)**
6. To re-appoint Messrs Grant Thornton Malaysia (formerly known as SJ Grant Thornton) as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6) (Please See Note 5)**

AS SPECIAL BUSINESS

To consider and if deemed fit, to pass with or without modifications, the following resolutions:-

7. **ORDINARY RESOLUTION** **(Please see Note 6)**
   AUTHORITY TO ALLOT AND ISSUE SHARES

   "THAT subject always to the Companies Act, 2016 ("the Act"), the Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Act, to allot shares in the Company from time to time at such price, upon such terms and conditions, and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued on the Bursa Securities AND FURTHER THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company after the approval was given or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by the Company at a general meeting." **(Resolution 7)**

Notice Of Annual General Meeting
(cont'd)

8. **ORDINARY RESOLUTION** **(Please see Note 7)**
PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

(Resolution 8)

"THAT, subject always to the Companies Act 2016 ("Act"), the Articles of Association of the Company, Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

(i) the aggregate number of shares purchased does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;

(ii) the maximum fund to be allocated by the Company for purchasing the shares shall not exceed the Company's audited retained profits at the time of purchase(s); and

(iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends or to deal with the treasury shares in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the Listing Requirements any other relevant authority for the time being in force.

AND THAT the authority conferred by this resolution will commence immediately upon the passing of this Ordinary Resolution and will continue to be in force until:

(a) the conclusion of the next Annual General Meeting of the Company following at which time the authority shall lapse unless by Ordinary Resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

(b) the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held; or

(c) revoked or varied by Ordinary Resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Listing Requirements and any other relevant authorities.

AND THAT authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties) to implement, finalize and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any party of the purchased shares or to resell the shares or distribute the shares as dividends) in accordance with the Act, the provisions of the Memorandum and Articles of Association of the Company and the requirements and/or guidelines of the Listing Requirements and all other relevant governmental and/or regulatory authorities."

Notice Of Annual General Meeting
(cont'd)

9. **ORDINARY RESOLUTION** **(Please see Note 8)**
CONTINUATION IN OFFICE AS INDEPENDENT DIRECTORS

"THAT approval be and is hereby given to Mr Chu Kan who has served as an Independent Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Director of the Company until the conclusion of next Annual General Meeting of the Company." **(Resolution 9)**

"THAT approval be and is hereby given to Ms Rita Tai Lai Ling who has served as an Independent Director of the Company since 23 June 2009 and will reach the nine (9) years term on 23 June 2018, to continue to act as an Independent Director of the Company until the conclusion of next Annual General Meeting of the Company." **(Resolution 10)**

"THAT, subject to the passing of Resolution 5, approval be and is hereby given to Mr Hau Hock Khun who has served as an Independent Director of the Company since 5 August 2009 and will reach the nine (9) years term on 5 August 2018, to continue to act as an Independent Director of the Company until the conclusion of next Annual General Meeting of the Company." **(Resolution 11)**

10. To transact any other business of which due notice shall have been given.

By Order Of the Board

WONG WAI FOONG (MAICSA 7001358)
NG BEE LIAN (MAICSA 7041392)
YAP SIT LEE (MAICSA 7028098)
Company Secretaries

Kuala Lumpur
27 February 2018

Notice Of Annual General Meeting
(cont'd)

NOTICE OF DIVIDENDS ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders of the Company at the Twenty-Third Annual General Meeting to be held on 28 March 2018, a Final Single Tier Dividend of 2.0 sen per ordinary share in respect of the financial year ended 31 October 2017 will be paid on 13 April 2018 to the shareholders whose names appear in the Record of Depositors on 28th March 2018.

A depositor shall qualify for entitlement to the dividend only in respect of:-

(a) Shares transferred into the depositor's securities account before 4.00 p.m. on 28th March 2018 in respect of transfers; and

(b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad.

Notes:

1. APPOINTMENT OF PROXY

(a) A proxy need not be a member of the Company. There is no restriction as to the qualification of the proxy.

(b) To be valid, the form of proxy, duly completed must be deposited at the Registered office located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.

(c) A Member shall not appoint more than two (2) proxies to attend at the same meeting, where a member appoints two proxies, the appointment shall not be valid unless the member specifies the proportion of the shareholding to be represented by each proxy. Where a Member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

(d) Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(e) Where a Member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

(f) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

(g) Only members whose name appear in the Record of Depositors as at 21st March 2018 will be entitled to attend, vote and speak at the Meeting or appoint proxy(ies) to attend, vote and speak on their behalf.

2. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2017

The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act, 2016 for discussion only. They do not require shareholders' approval and hence, will not be put forward for voting by shareholders of the Company.

Notice Of Annual General Meeting
(cont'd)

3. PAYMENT OF DIRECTORS' FEES AND BENEFITS

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors and any benefits payable to the directors shall be approved at a general meeting.

The proposed Resolution 2 is to facilitate the payment of Directors' fees on a current financial year basis, calculated based on the current Board of Directors ("Board") size. In the event the proposed amount is insufficient (due to enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

The benefits under proposed Resolution 3 comprise benefits payable to Executive Directors and allowances payable to Non-Executive Directors which are calculated based on the current Board size and the number of scheduled Board and Committee meetings for the period from 1 November 2017 up to the next Annual General Meeting. In the event the proposed amount is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next Annual General Meeting for the shortfall.

4. RE-ELECTION OF DIRECTORS

Ms Tan Sook Yee and Mr Hau Hock Khun are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the Twenty-Third Annual General Meeting.

The Board has through the Nomination Committee, considered the assessment of the Directors and agreed that they meet the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements ("the MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") on character, experience, integrity, competence and time to effectively discharge their roles as Directors.

The Board has also through the Nomination Committee conducted an assessment on Mr Hau Hock Khun's independence and satisfied that he has complied with the criteria on independence as prescribed by the MMLR of Bursa Securities.

5. RE-APPOINTMENT OF AUDITORS

The Audit Committee had at its meeting held on 19 December 2017 assessed the suitability and independence of the External Auditors and recommended the re-appointment of Messrs Grant Thornton Malaysia (formerly known as SJ Grant Thornton) as External Auditors of the Company for the financial year ending 31 October 2018. The Board has in turn reviewed the recommendation of the Audit Committee and recommended the same be tabled to the shareholders for approval at the forthcoming Annual General Meeting of the Company under Resolution 6.

6. AUTHORITY TO ALLOT AND ISSUE SHARES

The proposed Resolution 7 is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate"). As at the date of this Notice, the Company did not allot any shares pursuant to the mandate granted to the Directors at the Twenty-Second Annual General Meeting held on 28 March 2017 as there were no requirements for such fund raising activities.

The proposed Resolution 7, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to further placement of shares for the purpose of funding the Company's future investment project(s), working capital and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever is earlier.

Notice Of Annual General Meeting
(cont'd)

7. PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

The proposed Resolution 8, if passed, will allow the Company to purchase its own shares through Bursa Securities up to ten per centum (10%) of the total number of issued shares of the Company. Please refer to the Statement to Shareholders dated 27 February 2018 for further information.

8. CONTINUATION IN OFFICE AS INDEPENDENT DIRECTORS

Pursuant to the Malaysian Code on Corporate Governance, it is recommended that approval of shareholders be sought in the event the Company intends to retain an Independent Director who has served in that capacity for more than nine (9) years.

Mr Chu Kan was appointed to the Board on 2 September 1997 as an Independent Director and has therefore served for more than nine (9) years.

Ms Rita Tai Lai Ling and Mr Hau Hock Khun who have served as Independent Directors of the Company since 23 June 2009 and 5 August 2009 respectively will reach the nine (9) years term limit in 2018.

The Board has through the Nomination Committee assessed the independence of Mr Chu Kan, Ms Rita Tai Lai Ling and Mr Hau Hock Khun and recommended them to continue to act as Independent Directors of the Company based on the following justifications:-

(i) they fulfilled the criteria under the definition on Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") and, therefore, were able to bring independent and objective judgment to the Board;
(ii) they have been with the Company for many years and were familiar with the Company's business operations and the plastic mould injection industry market, thus enabling them to contribute actively and effectively during deliberations or discussions at Board meetings.
(iii) their length of services on the Board does not in any way interfere with their exercise of independent judgement. They have remained objective and independent in expressing their views and participating in deliberation and decision making of the Board and Board Committees;
(iv) their vast experience in audit, finance and laws enable them to provide the Board, as the case may be, with pertinent expertise, skills and competence;
(v) they have continued to exercise their independence and due care during their tenure as an Independent Non-Executive Directors of the Company and carried out their duties in the interest of the Company and shareholders; and
(vi) they have devoted sufficient time and commitment to discharge their responsibilities as Independent Directors.

The proposed Resolutions 9, 10 and 11 if passed, will enable Mr Chu Kan, Ms Rita Tai Lai Ling and Mr Hau Hock Khun to continue to act as Independent Directors of the Company until the conclusion of next Annual General Meeting of the Company.

This page is intentionally left blank

KUMPULAN H & L HIGH-TECH BERHAD (317805-V)
(Incorporated in Malaysia)

PROXY FORM

I/We ____
(FULL NAME IN BLOCK LETTERS)

NRIC No./Company No. ______________________ of ______________________

____
(FULL ADDRESS)

being a Member/Members of KUMPULAN H & L HIGH-TECH BERHAD hereby appoint ______________________

______________________________ NRIC No. ______________________
(FULL NAME IN BLOCK LETTERS)

of ____
(FULL ADDRESS)

or failing whom, ______________________ NRIC No. ______________________
(FULL NAME IN BLOCK LETTERS)

of ____
(FULL ADDRESS)

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf, at the Twenty-Third Annual General Meeting of the Company to be held at Green I, ClubHouse, Tropicana Golf and Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 28 March 2018 at 11.00 am and at any adjournment thereof.

	RESOLUTIONS	**FOR**	**AGAINST**
1.	To approve the payment of a Final Single Tier Dividend of 2.0 sen per ordinary share in respect of the financial year ended 31 October 2017.		
2.	To approve the payment of Directors' Fees for the financial year ending 31 October 2018.		
3.	To approve the payment of Directors' benefits for the period from 1 November 2017 till the next Annual General Meeting of the Company.		
4.	To re-elect Ms Tan Sook Yee, who retires pursuant to Article 97 of the Company's Articles of Association, as Director.		
5.	To re-elect Mr Hau Hock Khun, who retires pursuant to Article 97 of the Company's Articles of Association, as Director.		
6.	To re-appoint Messrs Grant Thornton Malaysia (formerly known as SJ Grant Thornton) as Auditors and to authorize the Directors to fix their remuneration.		
7.	To grant authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016.		
8.	To approve the proposed renewal of authority for Share Buy-Back.		
9.	To approve Mr Chu Kan to continue to act as an Independent Director.		
10.	To approve Ms Rita Tai Lai Ling to continue to act as an Independent Director.		
11.	To approve Mr Hau Hock Khun to continue to act as an Independent Director.		

*(*Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If no instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.)*

CDS Account No. :	
Number of shares held:	
If more than 1 proxy, please specify number of shares represented by each proxy	
Name of Proxy 1:	
Name of Proxy 2:	

Dated this __________ day of __________, 2018.

____
Signature or Common Seal of Shareholder
Contact Number:

NOTES:

1. A proxy need not be a member of the Company. There is no restriction as to the qualification of the proxy.
2. To be valid, the form of proxy, duly completed must be deposited at the Registered office located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.
3. A Member shall not appoint more than two (2) proxies to attend at the same meeting, where a member appoints two proxies, the appointment shall not be valid unless the member specifies the proportion of the shareholding to be represented by each proxy. Where a Member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
4. Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. Where a Member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
6. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
7. Only members whose name appear in the Record of Depositors as at 21st March 2018 will be entitled to attend, vote and speak at the Meeting or appoint proxy(ies) to attend, vote and speak on their behalf.

FOLD THIS FLAP FOR SEALING

FOLD HERE

Affix
stamp

KUMPULAN H & L HIGH-TECH BERHAD (Company No. 317805-V)
Registered Office
Unit 30-01, Level 30, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No 8, Jalan Kerinchi,
59200 Kuala Lumpur

FOLD HERE

Kumpulan H & L High-Tech Berhad
Incorporated in Malaysia (317805-V)

No. 6, Jalan TSB 1, Taman Industri Sungai Buloh,
47000 Sungai Buloh, Selangor Sarul Ehsan.
Tel: (+603) 6157 6339 **Fax:** (+603) 6156 8918

For further information about our company or more details about our products, please visit our website:

www.hlhightech.com